



Reagan vetoes legislation banning arms to Saudis

By WOLF BLITZER

Jerusalem Post Correspondent and Agencies

WASHINGTON. — President Reagan yesterday vetoed legislation that would have banned the sale of advanced U.S. missiles to Saudi Arabia, an aide to Senate Majority Leader Robert Dole said.

The veto paves the way for a possible Senate vote to either sustain the veto, or to override it and block it permanently.

White House spokesman Larry Speakes said the administration was still "a few votes" short of the one-third necessary in the Senate to sustain Reagan's veto of the legislation blocking the sale.

On Tuesday, the White House removed the Stinger anti-aircraft missiles from the proposal in order to encourage senators to support it.

"We will be working with the leadership this morning on the Saudi arms package, and through the day," Speakes told reporters yesterday.

He described U.S. relations with Saudi Arabia as "excellent." They play an important role in Middle East policy and Middle East peace efforts.

On Tuesday, the Saudi Ambassador in Washington, Prince Bandar, told reporters at the White House following a meeting with Reagan that Saudi Arabia had withdrawn its request for the shoulder-fired Stinger anti-aircraft missiles. The White House had suggested that the removal of the Stingers would help the administration push the rest of the sale — Sidewinder air-to-air and Harpoon anti-ship missiles — through the Senate.

At a closed White House meeting on Tuesday evening with about 12 American Jewish political activists, both Reagan and Secretary of State Shultz detailed their reasons for supporting the Saudi missile sale.

According to sources present during the one-hour session, the president reiterated that his administration would never do anything to endanger Israel's security or to weaken its qualitative military edge over the Arab states.

He urged the Jewish leaders to make clear to the news media that a Senate vote in favor of the sale was not a vote against Israel. Only two of the 12 later made such a statement.

2 terrorists slain in clash with IDF

Jerusalem Post Reporter

METULLA. — Artillery of the South Lebanese army shelled targets north of the security zone for about an hour last night, following a clash late in the afternoon between an IDF patrol and terrorists in South Lebanon. Two heavily-armed terrorists were killed, and one IDF soldier suffered medium injuries.

The patrol was searching the area for terrorists who had launched Katyusha rocket attacks last week on the Galilee, Panhandle, injuring three people.

Reuters reported from Beirut that IDF troops in armoured personnel carriers had yesterday stormed the village of Yohmor north of the security zone.

Nablus moneychanger denies link with Amman

By JOEL GREENBERG

Jerusalem Post Reporter

NABLUS. — Nablus money-changer Khalil Qarsna has strenuously denied any connection with the financial difficulties of the Amman firm run by his brother. He says the crisis in his brother's firm will neither affect his business nor the negotiations he is conducting to establish an Arab bank in the administered territories.

Sources in Nablus said yesterday that Qarsna had recently returned from Amman, where he had gone to help bail out his brother's firm. Qarsna had "no business connection" with his brother's firm and his own business was sound, the sources said. Qarsna maintains that his contacts regarding the Arab bank are "proceeding normally," according to the sources.

Racism law stalled by coalition haggling

By ASHER WALLFISH

and ARYEH RUBINSTEIN

Post Knesset Reporters

The law against incitement to racism ran aground again in the Knesset yesterday — on the shoals of parliamentary discussion and in a tide of recrimination sweeping the government, the coalition factions, and the opposition.

The law, originally intended to muzzle Kach Knesset Member Meir Kahane, ran aground because of a single Hebrew word, whose insertion into the final version was agreed upon at a top-level consultation yesterday morning.

The purpose of inserting the extra "with the object of" (Hebrew: *be-matara*) was to placate the Orthodox factions, even though these factions said clearly that they would not accept the addition.

But since the Alignment and the Likud were reluctant to upset the Orthodox parties too much, they both sought a textual fig-leaf that they could don in the future to prove that they had gone part way to meet the Orthodox objections to legislation which might possibly imply that Judaism contains racist elements.

The trouble began in the morning when Prime Minister Peres met with the ministers responsible for piloting the law through the Knesset — Energy Minister Moshe Shabai, Finance Minister Moshe Nissim and Justice Minister Yitzhak Moda'i — and with representatives of the Orthodox factions.

Peres and the other ministers agreed that the Alignment and the Likud wanted to get the law onto the statute book the same day and that the Likud and Alignment would be obligated by coalition discipline to vote for it.

To ensure that bona fide quotations of material from religious writings would not be actionable under

the law, which was to cover only exploitation of sacred writings as a cover for incitement, the ministers agreed to add the element of "intent." They felt this would give immunity to traditional preaching and writing on halachic and biblical themes, while leaving Kahane exposed to prosecution when he quotes from Maimonides to incite against Arabs.

The Orthodox actions listened, but said they would not support the new version of the law, despite the change.

When Mapam and Citizens Rights Movement MKs heard about the new version and realized that it would make it much harder for the prosecution to prove incitement if it also had to prove intent, they called

Shapira in Person — Page 3

an extraordinary meeting of the Law Committee.

At that meeting, Shulamit Aloni (CRM) charged: "The government's change has robbed the law against racism of all content. It thwarts the campaign to block Kahane."

By a vote of nine to one, the committee said that in the wake of the government's proposal the law could not be debated in the plenum on the final reading, but must first be returned to the Law Committee.

The only pleased faces in the lobby after this development were those of Orthodox MKs, who predicted that the law might well be bogged down in the Law Committee for weeks, if not longer.

Alignment MK Shevah Weiss came storming into the press rooms, loudly accusing Mapam and the Citizens Rights Movement of sabotaging the legislation and refusing to

(Continued on Page 9)



Finance Minister Moshe Nissim (centre) and Law Committee Chairman Eli Kulas (right), both Liberals, discuss the stalled anti-racism bill in the Knesset yesterday with MK Avraham Verdiger (Morasha-Poalei Agudat Yisrael). (Isaac Harari)

Zamir: Delay is 'contemptible'

Attorney-General Yitzhak Zamir yesterday lambasted the further delay in the final vote and termed the use of the Jewish religion as a pretext for opposing it "contemptible."

He was speaking at the graduation ceremony of the Hebrew University's Social Sciences Faculty on Mt. Scopus.

Zamir said that Kahane had probably rejoiced because his work had been done for him by "the righteous" who had further delayed the bill, which had been pending on the Knesset agenda for over a year.

"Not only was the bill not inimical to Judaism; it represented a central tenet of Judaism, that of the dignity of all men, Jews and non-Jews alike," Zamir told the graduates.

Peres: Jewish settlements could come under Arab sovereignty

By ARYEH RUBINSTEIN

Post Knesset Reporter

Jerusalem. Minister Shimon Peres yesterday assured the Knesset that while he would not agree to the dismantling of settlements as part of any peace negotiations, not all settlements need necessarily remain under Israeli sovereignty.

Replying to the political debate that had been opened on Monday, Peres said that peace talks did not mean that we were ready to "fold," or to give in on this and that.

"We must seek a solution that does not entail the dismantling of

settlements. Just as there can be Arab settlements in a Jewish state, there can be Jewish settlements under Arab sovereignty. I am not drawing maps now."

Peres stressed that the government's peace-seeking policy would continue even after the rotation. Rotation applied to individuals, not to policy, he said, and that policy would be in force until the end of the government's term.

Defending his persistent peace efforts, the prime minister said that Israel could not be responsible for Jordan's or Egypt's policy, but it

must not leave itself open to the charge that it had not done all in its power to reverse a settlement.

"Our efforts in this direction have won appreciation and praise — perhaps more outside the Knesset than within it," he said.

Referring to the forecast that there would be a million Arabs in the Gaza district by the end of the century, Peres said he had no wish to rule over them. Not more than he wanted Israel to rule over a million Arabs in Jordan or in Syria.

In Gaza, the problem was not (Continued on Page 9)

Washington concerned at soaring cost of Lavi

By AVI BOFFMANN

Post Defence Reporter

The U.S. is deeply concerned about the big differences between it and Israel on the estimates of the eventual cost of the Lavi warplane, U.S. Ambassador Thomas Pickering told Israel Television last night.

The U.S. believes that "it's probably not a wise idea to move ahead (from the research and development phase) of the Lavi to the production phase) until those differences can be ironed out," the envoy said.



U.S. Ambassador Thomas Pickering (Reuters)

According to Israel Aircraft Industries, the manufacturers of the Lavi, each aircraft will cost between \$13.5 and \$15 million. The American estimates are up to 50 per cent higher.

IAI President Moshe Keret told The Jerusalem Post last week that there was "no doubt that our figures are correct, and we will try to persuade the Americans that this is so." He said the IAI figures had recently been checked and confirmed by an authoritative, independent U.S. body.

Pickering stressed that the U.S. saw no technical impediment to the production of the Lavi and the decision to go ahead was an Israeli one. But there were ongoing "amiable" discussions between the two nations on the eventual cost of the Lavi, for which the U.S. has already provided \$1 billion.

Accident at French nuclear plant

PARIS (Reuters).

Five workers were exposed to radiation during an accident at France's nuclear reprocessing plant at La Hague in Normandy on Tuesday, the state nuclear energy company Cogema said yesterday.

All the workers had been sent home after medical checks and their health was not in danger, a spokesman for Cogema said.

The incident occurred while the workers were welding a pipe at the sprawling complex. Radioactive fluid accidentally flowed up a pipe used to check the weld and irradiated the workmen.

It is the third time workers have been exposed to excessive radiation at the plant.

VAT men seize \$1m. in gold, jewels in E. Jem

Jerusalem Post Reporter

Gold and jewels valued at about \$1 million have been confiscated by Value Added Tax officials in several recent raids on East Jerusalem goldsmiths. The VAT authorities said yesterday they had confiscated some 50 kilograms of gold from six of nine goldsmiths whose premises had been raided.

The gold confiscated was neither marked nor stamped, the VAT men said.

A spokesman for the Customs and VAT division said yesterday that the raids and the confiscations, had been part of the routine inspections carried out by tax authorities.

\$500m. out of mattresses

By AVI TEMKIN

Post Economic Reporter

The public have pulled some \$500 million out of their mattresses since the start of the economic stabilization plan last July, according to Treasury and the Bank of Israel estimates. Senior government sources said yesterday that this figure included sums that had been held both locally and abroad.

According to these sources, the movement of former black dollars into the economy is likely to continue in the next few months. They said most of the money was now being invested in government bonds. Money that had been kept in short-term deposits and certificates of deposit (Tapas), is now being used to purchase the bonds.

But the sources are concerned that if no additional investment outlets were found soon, the public might change its behaviour again. In particular, officials are worried that the public will turn to foreign investments. "This could cause all the sums saved (in the balance of payments) by the drop in international interest rates and oil prices to be invested abroad," one source said.

To prevent a flow of money overseas, the Treasury is giving private firms permission to issue bonds totalling \$450m. more than approved by the ministerial economic committee last March.

So far, the flow of savings into the economy, which totalled NIS 350 million last month, has been absorbed successfully, largely because of increased investment in government bonds, but also by increased tax collection.

According to sources tax collection has been unprecedentedly high, going up to as much as NIS 200 million in a day.

Rabbi Schindler has heart attack on Masada

By LIORA MORIEL

Jerusalem Post Reporter

BEERSHEBA. — Rabbi Alexander Schindler, 60, was reported in stable condition at the Soroka Medical Centre here last night after suffering a heart attack while visiting Masada yesterday noon.

The spokesman for Magen David Adom reported that Schindler was taken by ambulance from Masada to Arad, where a mobile intensive-care cardiac unit treated him. "That enabled him to arrive at Soroka alive," the spokesman said.

The hospital spokeswoman said that Schindler "arrived in serious condition, but is now stable."

Schindler arrived in Israel on Tuesday with his wife and a Reform Movement delegation, and was on his way to Eilat. Just before the trip, "his good friend Yehuda Hellman died and this, coupled with jet lag and the heat on Masada, might have contributed to the myocardial infarction," said the spokeswoman.

Schindler is president of the Union of American Hebrew Congregations (Reform).

Ein Hud Abu el-Hija: The village that isn't

By DAVID RUDGE

Jerusalem Post Reporter

HAIFA. — For the past 38 years, inhabitants of the Ein-Hud Abu el-Hija village have been living in a place that officially does not exist.

Their tiny hamlet, close to the artists' village of Ein-Hod and the religious kibbutz Nir Etzion, has no formal status because it is not recognized by any governmental or local authority, villagers claim.

As a result, their homes are not connected to the national electric grid or to any sewage network. Water is piped from nearby Nir Etzion.

Access to Ein-Hud is via a winding and bumpy 2-kilometre-long dirt track, although as the crows fly, the distance from the village to the kibbutz is only 300 metres.

Villagers say that despite numerous applications they cannot get permission to construct a

proper road because without municipal master plans — which are dependent on the village receiving official status — there can be no approval for development.

The Ministry of Interior's District Commissioner, Moshe Glazner, told The Jerusalem Post last night that the ministry was not prepared to recognize the legality of Ein-Hud, "regardless of how long the people have lived there."

He noted that the Ein-Hud villagers' claim to the lands on which they were squatting had been rejected by the Supreme Court.

The problem dates back to the War of Independence when the Abu el-Hija family and their numerous descendants fled from their homes in what is now Ein-Hud. They were unable to return, but a few decided to settle down on a site nearby, where they used to graze their sheep. Thus the

"new" village of Ein-Hud was established. Today it has a population of 120.

A joint Jewish-Arab action committee was formed recently to press for official recognition of the village and thus make possible the installation of basic amenities. The committee intends to stage a protest march and rally at Ein-Hud on June 14th. Several Knesset members are expected to attend.

"It is unthinkable in this modern age that because of bureaucratic problems citizens of Israel should be forced to live in degrading conditions," said the spokesman for the committee.

Glazner said that the hamlet lay within the boundaries of the Carmel National park. He added that due to the nature of the terrain, vast sums would be needed to install proper infrastructure for the village. He said the ministry was prepared to offer the villagers relocation to a neighbouring Arab village.

Jordan, Egypt air plan for Gaza autonomy

By YEHUDA LITANI

Post Diplomatic Correspondent

A proposal for Egyptian-backed Palestinian self-rule in the Gaza Strip was raised last week by Egyptian President Hosni Mubarak in a meeting with King Hussein at Akaba, informed sources said yesterday.

The proposal was made recently to Egyptian officials in Israel by a group of pro-PLO Palestinians from East Jerusalem and the territories, the sources said. The idea was also raised by former Gaza mayor Rashad al-Shawa in a recent meeting with Mubarak in Cairo.

The proposal reportedly calls for the establishment of Egyptian consular services in East Jerusalem, the re-establishment of the Palestinian legislative council that existed in the Gaza Strip under Egyptian rule and the opening of an Egyptian bank in the area.

The proposals are apparently a response to the recent Jordanian harassment of PLO activists in Jordan and the West Bank, following the suspension of political cooperation between Jordan and the PLO. PLO supporters in the territories have in recent weeks avoided going abroad through Jordan, preferring to leave through Ben-Gurion airport.

The proposal is reportedly supported by members of the PLO's political branch. Other sources indicated that the proposal might have been initiated by key PLO officials as a means of exerting pressure on Jordan.

According to well-informed sources Hussein reacted "politely but negatively" to the proposal in his meeting with Mubarak but was in fact angered by the idea.

Though Egypt had been non-committal about the idea, it had considered it important enough to raise with Jordan, the sources noted.

The Kuwaiti al-Ihtad newspaper reported last week that Mubarak had raised al-Shawa's proposals with Hussein. Mubarak, the paper wrote, said Egypt was prepared to support Palestinian self-rule in the Gaza Strip under Egyptian rule.

The paper said that al-Shawa had been told by Mubarak that Egypt would agree to the plan on condition that it was approved by the PLO.

Prime Minister Peres recently indicated that Jordan would like to play the dominant role in any political arrangement in the West Bank and, even more so, in the Gaza Strip.

Israel has not yet discussed the proposal and will not do so unless the plan has Jordanian blessing.

Delegates meet late into night

Israel, Egypt strive to end Taba impasse

By BENNY MORRIS

Post Diplomatic Correspondent

The Israeli and Egyptian delegations to the Taba talks in Herzliya were locked late last night in a final effort to reach a solution to the dispute over the vital "question" that the arbitrators of the border dispute will be asked to answer.

Observers considered it unlikely that the sides would reach a settlement, in view of Egypt's inflexibility and unwillingness to seriously consider a number of compromise formulations proposed by the head of the U.S. delegation to the talks, Judge Abraham Sofaer.

The observers thought that Sofaer, the legal adviser to the State Department, might soon embark on a round of shuttle diplomacy between the two countries to hammer out a compromise. Alternately or simultaneously, Israel's and Egypt's leaders will have to consider possible concessions on the formulation of the question in order to make compromise possible.

As things stood last night, the Egyptian delegation was expected to return to Egypt today, with a new round of talks scheduled to take place, probably in Cairo, in a week or two.

There was talk yesterday that Judge Sofaer might try to re-submit to Egypt a compromise proposal whereby Israel and Egypt would agree to the arbitrators, once named, themselves determining the "question" that would be posed to them.

Over the past two days, according to the Israeli sources, Egypt and Israel have made considerable progress towards agreement on selecting candidates for the international arbitration panel. It is understood that the principle of selection has been agreed and that the candidates being considered are not Americans.

Wolf Blitzer adds from Washington:

Minister-without-Portfolio Ezer Weizman yesterday emerged from a meeting with Secretary of State George Shultz reassured about America's commitment to strengthening the Israeli-Egyptian peace treaty.

But Weizman told reporters that he had no firm date on Shultz's possible return to the Middle East.

Weizman said that resolving the Taba dispute — the focus of his talks with Shultz — was but the first step on the road to strengthening Israeli-Egyptian relations.

Building surge in South Lebanon

By MENAHEM HOROWITZ

Jerusalem Post Reporter

METULLA. — There has been a surge of building and business activity lately in the South Lebanese security zone, including a casino that has been opened just north of Metulla, an Israeli military source said here yesterday.

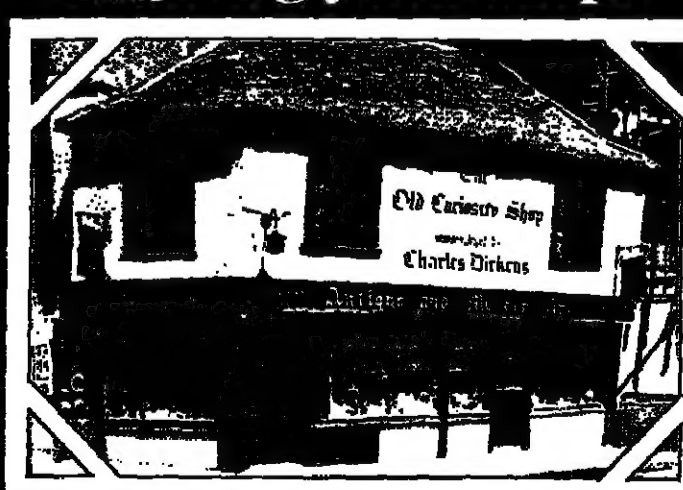
The source revealed that a village for South Lebanese soldiers and their families is being built north of

Marjayoun near the abandoned village of Jernak. New houses are also going up in various other areas.

The casino, it is understood, will be declared off-limits for IDF personnel.

The small port at Nakura, which in the past dealt with basic foodstuffs, has expanded its activities to include the import of all sorts of consumer goods.

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JERUSALEMITES - Join the

in
Jerusalem
crowd - this Friday.

The weather at major Swissair destinations

	MIN.	MAX.	WIND	WEATHER
AMSTERDAM	11	22	15	Clear
BRUSSELS	10	20	15	Clear
BUSINESS LINES	11	22	15	Clear
COPENHAGEN	10	20	15	Clear
FRANKFURT	11	22	15	Clear
GENEVA	11	22	15	Clear
LONDON	11	22	15	Clear
MADRID	11	22	15	Clear
MONTREAL	11	22	15	Clear
NEW YORK	11	22	15	Clear
OSLO	11	22	15	Clear
PARIS	11	22	15	Clear
RIO DE JANEIRO	11	22	15	Clear
SAO PAULO	11	22	15	Clear
STOCKHOLM	11	22	15	Clear
TOKYO	11	22	15	Clear
VIENNA	11	22	15	Clear
ZURICH	11	22	15	Clear

*For the latest weather conditions contact Swissair

Swissair logo

THE WEATHER

Forecast: Partly cloudy

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Max
Jerusalem	11	11-21	21
Osaka	11	11-21	21
Nahariya	11	11-21	21
Safed	11	11-21	21
Haifa Port	11	11-21	21
Tiberias	11	11-21	21
Nazareth	11	11-21	21
Afula	11	11-21	21
Shomron	11	11-21	21
Tel Aviv	11	11-21	21
B-G Airport	11	11-21	21
Jericho	11	11-21	21
Gaza	11	11-21	21
Beer Sheva	11	11-21	21
Eilat	11	11-21	21

ARRIVALS

Mr. Horodisch from Holland, for the dedication of the Horodisch House of Books Collection at Tel Aviv University.

Mr. Marcos Maza from Mexico, to receive an honorary fellowship at Tel Aviv University, and Mrs. Maza, Mr. and Mrs. J. Schreiber from England, for the awarding of the Jacob and Shoshana Schreiber Distinguished Fellowship at Tel Aviv University.

Mr. H. Gugenheim from England, Dr. B. Horvitz from England, Mr. and Mrs. L. Satun from England, Mr. and Mrs. F. Davis from England, Prof. and Mrs. Simons from England, Mrs. L. Brown from Switzerland, Mr. and Mrs. J. Green from Australia, Mr. and Mrs. A.E. Spitzer from Holland, Mr. and Mrs. Korder from Holland, Mr. W. Frank from Holland, Mr. and Mrs. Winokow from South Africa, Mrs. H. Mondrecki from Switzerland - for the Annual Meeting of the Board of Governors of Tel Aviv University.

Anatoly Shebarashin, from a trip to the U.S. to arouse public opinion to the cause of Soviet Jewry.

DEPARTURES

Emunah World Chairperson, and Vice-President for Israel, International Council of Jewish Women, Irit Levine, for Zurich, to attend a European conference of I.C.W.

Haifa councillor Ze'ev Katz, 70

Jerusalem Post Reporter
HAIFA. - The funeral took place yesterday of city councillor Ze'ev (Willy) Katz, who died on Monday, aged 70. Katz, secretary of the city's General Retail Association, had been a member of the Likud faction on the city council since 1976.

Joseph replaced as UK education minister

LONDON (Reuters). - Prime Minister Margaret Thatcher promoted a moderate in her 21-member cabinet to serve in the key post of education minister in a reshuffle announced yesterday.

An announcement said 51-year-old Kenneth Baker, who entered government only eight months ago as environment secretary, would replace Sir Keith Joseph, 60.

In what was seen as a move to balance the political shift in the new appointments, Thatcher named rightwing Nicholas Ridley, the transport minister, to take over from Baker at the Environment Department.

Jumblatt meets Hussein

Lebanese Druse leader Walid Jumblatt arrived last night in Amman for talks with King Hussein on developments in Lebanon and the Middle East, Radio Monte Carlo reported.

Jumblatt briefed Hussein on recent events in Lebanon, and stressed the urgent need for Arab solidarity to confront "plots" to partition the Arab world, especially in Lebanon.

CORRECTION

A story in Friday's *Jerusalem Post* erroneously identified the Amman money-changer, who is the financially troubled brother of Nabli's money-changer Khalil Qarsua. The brother in Amman is Mohammed Qarsua. We regret any inconvenience caused to Khalil Qarsua and his firm.

The Jewish Agency Israel Education Fund of the United Jewish Appeal

Tender No. 81/86/86

- The Jewish Agency (hereinafter the Agency) invites bids from building contractors for the construction of **SPORTS FIELDS AND LANDSCAPING AT THE CANAAN COMMUNITY CENTRE, SAFA, WITHIN THE FRAMEWORK OF PROJECT REHEVAL**.
- Conditions of the tender as well as all other pertinent information can be obtained from Thursday, May 22, 1986, from the Agency, 17 Kaplan Street, Tel Aviv, room 717 between 9:00 a.m.-12 noon, against a non-refundable payment of NIS 150.-
- A special tour of the construction site for contractors will be held on Monday, June 2, 1986, departing at 11 a.m. from the entrance to the Municipality of Safad building.
- Bids should be submitted not later than 1:00 p.m. on Wednesday, June 18, 1986, at the address mentioned in paragraph 3 above.
- This tender is open only to contractors registered in accordance with the Act regarding Registration of Contractors for the execution of Engineering and Construction Works 1969 such contractors to abide by requirements of the Act and to be eligible to carry out the work as specified.
- The Agency does not undertake to accept the lowest, or any other bid.

HOME AND FOREIGN NEWS

In bid to force gov't to pay their debts

Desert moshav families pack up and move out

By JOSHUA BRILLIANT Jerusalem Post Reporter
VERED YERCHO. - Practically all 40 families in this moshav overlooking Jericho packed their essential belongings yesterday and left. As black smoke billowed from protest fires they had lit at the gates, they made for Jerusalem in an attempt to pressure the government and the World Zionist Organization into helping them settle their debts. The army later reinforced its presence here and soldiers were seen patrolling the empty roads to prevent thieves from ransacking the homes. In Jerusalem, a WZO official said they planned to send Nahal soldiers or hired labour to take care of the vineyards and other crops in case the settlers stayed away. The settlers, who moved into a recreation centre in the Jerusalem forest, were late last night debating what to do next. They had reportedly considered blocking the Jordan Valley road yesterday, but the army warned them against that. Some of the debts stem from money borrowed to enlarge their homes. Last August the moshav got a \$1 million loan from the Housing Ministry to build extra rooms. But the money was channelled through the Ilud Haklai Purchasing Society, which went bankrupt a month later. By then, the settlement was into a building boom, but no money was forthcoming to continue the work. David Zohar, a moshav member, said they began taking loans in the "grey market" at very high interest rates. But pressure for repayment, the apathy of the authorities and family tensions had worn them down. "You work like a horse, fight with your wife - who can't bear the situation any longer - and ask gangsters for loans, knowing the consequences of not paying them back. So let them take the property, and find other suckers."

Waldheim makes plea for fight against anti-Semitism

VIENNA. - Presidential candidate Kurt Waldheim, under attack for his role in the German army in World War II, yesterday condemned Nazi war crimes and urged fellow Austrians to fight anti-Semitism. In a major campaign speech Waldheim rejected as a smear a series of revelations over his army service during the brutal Balkan campaign of 1942-44. "Just because I so emphatically condemn what happened under the Nazi regime, I firmly reject the smears that have been directed against me and our people in the last few months," he told a rally at a Vienna hotel. The main spokesman of the Conservative People's Party, which supports Waldheim, Michel Graff, accused the World Jewish Congress of pulling strings in the U.S. Congress. The House of Representatives on Tuesday called on Attorney-General Edwin Meese to speed up a decision on a recommendation to bar Waldheim from the U.S. "The stronger such foreign interference becomes, the more the run-off becomes an act of patriotism and Austrian self-respect," Graff said in a statement.

Hurvitz and Shoval launch new version of old Rafi party

By ROY ISACOWITZ Post Political Reporter
It was a Ben-Gurion festival yesterday when Minister-without-Portfolio Yigael Hurvitz and former MK Zalman Shoval launched their new version of the old Rafi party at the Binyanei Ha'uma here. Of the dignitaries on the stage, only Vice-Premier Yitzhak Shamir and Histadrut Secretary-General Yisrael Kessar were not graduates of the original Rafi party founded by David Ben-Gurion in 1965. But Chaim Herzog, Shimon Peres and Teddy Kollek who were Rafi members rejoined the Labour Party in 1969, while Hurvitz and Shoval moved to the right and into the Likud. When Peres reminded Hurvitz that Rafi stood for *Reshimat Poalei Yisrael* (the Israel Workers Party) Hurvitz jokingly rejoined that it stood for *Reshimat Pe'ilei Yisrael* (Israeli activists party). With massive portraits of Ben-Gurion and Moshe Dayan in the background, Hurvitz and Shoval outlined a programme of *etatisme* (putting the interests of the state before the party), economic conservatism and pragmatic hawkishness. Both warned that Israel was only at the beginning of its process of economic recovery and that the continuation of the national unity government was essential for its completion.

Foreign Ministry fears influx of 'Peres people' after rotation

Post Diplomatic Correspondent
Rotation fever has hit the Foreign Ministry. The staff committee yesterday sounded a public alarm over what it fears will be a mass transfer of Prime Minister's Office personnel to senior Foreign Ministry posts when Shimon Peres and Minister-without-Portfolio Ezer Weizman move to the ministry next October. The committee's apprehension was fuelled by two recent developments: the Peres-Weizman agreement that "Weizman's people" - Prime Minister's Office Director-General Avraham Tamir and several of his deputies - are to be given appropriate positions in the Foreign Ministry in October, and Peres's apparent rejection of the committee's request for a meeting. The Foreign Ministry staff committee says that Boaz Applebaum, Peres's bureau chief, responded to their request with a "formalistic" statement that Peres would not deal with ministry business while he was not foreign minister. The committee fears that the Peres and Weizman aides will move to the ministry and be installed functionally, if not formally, in positions that will deny major areas of responsibility and advancement to ministry personnel.

Quiet funeral for Armenian stabbing victim

By HAIM SHAPIRO Jerusalem Post Reporter
The funeral of Kevork Panikian, Jerusalem Armenian stabbed to death in an intra-community clash on Monday, passed without incident yesterday, as dozens of police and Border Police stood by to keep order. The family of the deceased, one of those in opposition to Patriarch Yeshegh Derderian, is banned from the monastery complex which makes up most of the Armenian Quarter. But, under a special "truce" arranged within the community, the funeral took place in the Cathedral of St. James, the major church in the compound. Attending the funeral were several young men wounded in the clash that culminated in the fatal stabbing.

Rabin meets with Golani officers

Defence Minister Yitzhak Rabin yesterday met all Golani infantry brigade officers from company commander up. Several weeks ago, he met all senior Air Force officers above squadron commander. Both meetings were also attended by Chief of General Staff Rav-Aluf Moshe Levy, the deputy chief of general staff and other key generals. Yesterday's meeting was part of Rabin's policy of keeping in personal touch with the middle echelons of command in view of the IDF's growing problem in keeping such men in the service.



Technicians yesterday repair a Unifil helicopter that was hit by gunfire on Tuesday as it was carrying French parliamentarians and the French ambassador from South Lebanon to Beirut. (Reuters telephoto)

Pension tax, education levy scrapped

By AVI TEMKIN Post Economic Reporter
The government has officially abandoned its plans to impose an education levy and to tax old-age pensions. Nevertheless, it is determined to extend the temporary levy on private cars imposed last year. Finance Minister Moshe Nissim said the Treasury would soon come up with measures to replace the scrapped proposals. The decision not to impose the planned taxes was announced yesterday after Nissim and Prime Minister Shimon Peres had met with coalition leaders in the Knesset. Nissim admitted the proposed legislation would create serious inequities. The education levy and the one-time tax on pensions were to have yielded some \$40 million during the fiscal year. The levy on private cars will bring some \$50m. Most coalition MKs opposed the new taxes. During yesterday's meeting Peres harshly criticized the MKs for their failure to pass some of the new taxes and economy measures tabled by the government. Peres's statement came in reply to a remark by coalition chairman MK Sarah Doron (Likud-Liberals), who said the government should cut its own spending before asking for approval of new taxes. "No other government has cut as much as this present one," Peres responded. He then urged the MKs to pass all pending legislation. "I will not be prime minister of an inflation-ridden country," he said.

Gur: Talk of war is 'out of all proportion'

Post Defence Reporter
Former chief of general staff Mordechai Gur (now minister of health) does not believe that war with Syria is imminent. "Militarily speaking, you always have to be ready. But on the political-strategic level nothing is going to happen," he told The Jerusalem Post yesterday. Referring to persistent reports in the media of a possible conflict with Syria, Gur remarked, "The less we talk about it, the better it will be." About the recently-revealed Syrian emplacements north of the South Lebanon security zone and within artillery range of northern Israel, Gur said, "Okay, so they have trenches. So it's a local-level decision how to deal with it. But why suddenly talk about war and conflict? That's nonsense. It's totally out of proportion." Asked what Israel's reply would be if Syria moved men and tanks into the as yet unmanned emplacements, the minister replied, "If they move, let's talk again." Asked if the Syrian anti-aircraft (SAM) missiles inside the Syrian-Lebanese border posed a problem for Israel's freedom of flying over Lebanon, Gur said: "It is a problem and this is why I was against attacking Syrians whatsoever, even during the war in Lebanon. This was a big mistake and not necessary. While I was chief of general staff we kept our freedom of flight. Sometimes they were flying at 20,000 feet and we were flying at 40,000 feet and we didn't interfere with each other. "I don't think that it was always as smoothly as that. But we should not take steps as a result of panic or hysteria, or a misreading of the situation, and then deplore the results. We have to be very cold-blooded and careful in assessing the situation and not precipitate events unnecessarily." (An interview with Gur will appear in tomorrow's paper.)

Nablus mayor to Amman for aid

By JOEL GREENBERG Jerusalem Post Reporter
In one of the sharpest outbursts of anti-Jordanian sentiment in years in the territories, students at Birzeit University yesterday burned pictures of Jordan's King Hussein at a mock funeral for three Palestinian students killed in last week's clashes at Jordan's Yarmuk University. Palestinian sources said that scores of students had marched behind three mock coffins draped with Palestinian flags, in a procession organized by the Birzeit student council. The march was followed by a rally in which speakers sharply attacked Hussein for his "repressive actions." The slain students were all from the West Bank. A similar demonstration was held earlier this week at Najah University in Nablus, organized by the "Islamic Bloc" at the campus. Informed sources confirmed yesterday that Jordan had prevented the transfer to the West Bank of the body of a student killed in the clashes, fearing that the funeral would become an anti-Jordanian protest. Family members waited in vain at the border with an Israeli-supplied ambulance on Monday, but finally held the funeral in Amman.

Banks association head slams Bejski

Post Finance Reporter
Dr. Asher Halperin, director of the Association of Banks, yesterday launched a swinging attack on the Bejski commission, its members, their report and all its conclusions and recommendations. Halperin was scheduled to deliver brief opening remarks at a Hebrew University seminar on the banking system's results in 1985, and the outlook for the future. But he seized the chance to blast the commission, even though commission member Marshall Samat was chairing the seminar. Halperin dismissed the commission as totally biased against the banks and said it had decided on its conclusions before it had begun to work. He went on to denounce all the recommendations, both personal and institutional, and also spoke disparagingly of the members. **Avi Tamkin adds: With just one week remaining before Bank of Israel Governor Moshe Mandelbaum is to leave his post, the Likud and Labour have yet to agree on a replacement. Likud ministers yesterday opposed the candidature of both Deputy Finance Minister Adi Amori - who is supported by Labour - and of Professor Michael Bruno. Government sources told The Jerusalem Post that the Likud does not have a candidate following Professor Pinhas Sussman's refusal to consider taking the post, offered to him by several Likud ministers.**

The Vice Premier and Minister of Foreign Affairs and The Ministry of Foreign Affairs mourn the passing of

YEHUDA HELLMAN י"ל

Executive Vice Chairman of the Conference of Presidents of Major American Jewish Organizations, and share the grief of the family and the Conference of Presidents.

4480-00-04

In deep sorrow, we announce the passing of

GABRIELE ROSENTHAL

Daughter of Eli and Rachel Strauss

The funeral will take place today, Thursday, May 22, 1986, leaving at 5 p.m. from the home of her son, 72 Koren Kayemeth Leisrael, Tivon. A bus will be available for those attending.

Son: Benjamin (Gupl) Rosenthal, Tivon
 Sisters: Isa Emrich, Haifa
 Hana Strauss, New York
 and their families

4480-00-722

With profound sorrow, we announce the death of our beloved mother and grandmother

CHAYA COHEN

who passed away in Netanya on Tuesday, May 20, 1986.

Her children: Myer and Dottie, Jacksonville, Fla.
 Sam and Lila, Herzliya
 Solly and Fayge, Jerusalem
 Eli and Kitty, Haifa
 Ruth, New York
 Grandchildren and great-grandchildren

4480-00-722

Stamps spark clash between Jewish movements

By JUDY SEGEL Jerusalem Post Reporter
What was to have been a simple Knesset ceremony marking the issue of three new postage stamps yesterday flared into a renewed battle between Orthodox Judaism and the Conservative and Reform movements on religious pluralism. Heads of the Orthodox Yeshiva University in New York boycotted the ceremony at the last minute, although they were to have received a new stamp printed in honour of the university's centennial. They were angered by advertisements placed in two newspapers by the Conservative Jewish Theological Seminary, the Reform Hebrew Union College, and Hemedar (the Council for Freedom of Science, Religion and Culture in Israel). The paid advertisements in The Jerusalem Post and Ha'aretz praised Communications Minister Amnon Rubinstein for honouring the three great American Jewish institutions of higher learning with commemorative stamps. "These are true illustrations of the pluralism so essential at this time for the unity of the Jewish people. We see this as an important step towards the official recognition by the State of Israel of the equal status of all three religious streams in the Jewish world." This statement angered YU officials, and Yeshiva College's dean, Prof. Norman Rosenfeld, who had come here to attend, was advised by YU president Dr. Norman Lamm not to attend. Knesset Speaker Shlomo Hillel, who presided over the ceremony, told Hemedar leader Prof. Hillel Shoval that "YU has insulted the honour of the Knesset" by boycotting the event. Rabbi Michael Strick, YU's representative in Israel, told The Post that YU had originally had qualms about attending the joint ceremony at the Knesset but had finally agreed. But when the other movements "made this into a political issue" and had named "what we had thought would be a celebratory, civic event" into something else, YU had decided not to attend, he said. The Yeshiva would be willing to accept the commemorative stamps at a private ceremony, he added. "The ads," he continued, "changed the nature of the ceremony and were issued without prior consultation or permission from us." Shoval told The Post that over a week ago he had approached Strick proposing that the three Jewish universities join together in an ad "merely thanking" Rubinstein for the gesture of the stamps. Shoval said the wording of the ad was to have been agreed upon by all three. But Strick, on instructions from New York, was told not to join in running any ad. It was then, Shoval said, that the Conservative and Reform universities and Hemedar "decided to go on our own." Noting the absence of any Orthodox representatives, Rubinstein told the assembled that he was "very distressed" by the boycott of an official Knesset ceremony. He said he found it "very disturbing that the influence of extreme religious groups on modern Orthodox Zionists is so strong. They wouldn't have dared to boycott such a ceremony in the Diaspora." Strick told The Post that YU was honoured by the stamp but "would not be manipulated by the other movements into appearing to endorse a position that it rejects."

UJA

The United Jewish Appeal deeply mourns the passing of

SY LESSER י"ל

veteran devoted staff member of the UJA

Funeral services were held on Wednesday, May 21, 1986 in New York.

Martin F. Steinh National Chairman
 Alex Grans Chairman Board of Trustees
 Stanley B. Horowitz President

Naphtali Lavie Director-General Israel Operations

4470-25-722

In deep sorrow, we announce the passing in old age of our dear

Dr. SIMCHA (Sigi) EPPENSTEIN

The funeral will take place today, Thursday, May 22, 1986, leaving from the Municipal Funeral Parlour, 5 Rehov Dafna, Tel Aviv, at 2:30 p.m., for Kiryat Shaul cemetery. Transportation will be available for those attending. Shiva at the home of the deceased, 26 Rehov Balfour, Tel Aviv.

Daughters: Dr. Shulamith, and Michael Bar-Shany, and family
 Ilana, and Misha Kraus, and family
 Brother: Karl Eppenstein, and family

4470-26-722



Shapira delighted by postponement of racism bill

IN PERSON
By BENNY MORRIS

Avraham Shapira looked pleased. He usually looks pleased. "There's a postponement," he said, speaking of the anti-racism bill which was to have come to the vote yesterday. "And I'm not sure it's only until next week."

The Aguda MK, who as coalition chairman was one of the power-brokers of the Begin government, said he did not regard the postponement, or the current version of the bill, as "an achievement for the religious parties." As it stands, "all the religious parties object to the bill and will not vote for it."

Yesterday the government proposed amending the bill by adding the word *matara* "aim." Shapira agrees that this addition would place the burden of the proof on the prosecution, which would have shown that a person accused under the law had aimed to incite to racism when making this or that statement. "And that (for the prosecution) will be no simple thing," says Shapira.

But the existence of the law as it would still leave people open to "harassment" and to public defamation, he said, referring to certain biblical and halachic passages which, when quoted, could be construed as inciting to racism by those "left-wingers" who are set against the religious.

Shapira denies that the religious parties oppose anti-racism legislation per se. "Look, we were the ones who proposed that the law be called a law against hatred of nations. We are the people of the Torah, the most democratic of people, and we are commanded by the Torah to love the stranger," he says.

"But we know that there are Jews on the left who will exploit this law against our holy Bible and against the halachic tradition. They will always try to show that our creed is not what it is."

Shapira looks back with fondness to his three-and-a-half years as coalition chairman, as "a golden age." He speaks fondly of the years he worked closely with Begin and of the respect that the coalition parties had for his coalition management skills. I ask him about the present coalition and the prospects of racism taking place in October, which seems to have dropped out of the headlines.

"It is when we are in speaking of the obstacles to racism that you know that there is a real danger. When people constantly threaten and hint that racism will not take place, then you know that things will pass off smoothly."

He adds that he is certain that Prime Minister Pines will win in his intention to carry out racism. "But in the Middle East, who knows, anything can happen, and abruptly. Say Russia suddenly came up with a peace proposal that would be acceptable to the Alignment. That alone could change the (racist) situation," he says.

But a betting man, going on what Shapira said and didn't say, would give good odds on Yitzhak Shamir becoming prime minister in the fall.

Shapira's delight at the postponement of the racism bill is a reflection of the complex political maneuvering in the Knesset. The bill, which aims to combat racism, has faced significant opposition from religious parties, leading to its postponement. Shapira, a key figure in the coalition, expresses a mix of satisfaction and caution regarding the legislative process.

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The blind face either intolerance or unwanted help

By TSIPPI KUPER
For The Jerusalem Post

Israelis tend to smother blind people with unwanted help, but are often intolerant of those with severely impaired vision, according to one of the organizers of a conference on the blind to be held in Jerusalem next week.

"We shouldn't assume that a person needs help just because he is blind," said Samuel Siegel, pedagogical coordinator of the Migdal Or (Light-house) rehabilitation association for the blind. Migdal Or is organizing the Fourth International Conference on Mobility of the Blind and the Visually Impaired, which opens on Monday at the Truman Institute on Mt. Scopus.

A person with poor vision who does not appear to have a problem often encounters intolerant attitudes, Siegel said in an interview this week. "If he asks what his is drawing up to the stop, he is likely to get the reply: 'Why don't you look for yourself? Are you blind or something?'"

New electronic aids for the blind and new methods of rehabilitation are to be presented at the conference, which is sponsored by Migdal Or, the Hebrew University's School of Social Work and the Ministry of Labour and Social Affairs. Experts from 24 countries are expected to attend, and the organizers hope to have some 200 participants from Israel and abroad.

Israel has about 7,000 people registered as blind. Strangely, some may be able to read, since the legal definition of blindness, which differs from country to country, includes people with a limited field of vision or some other visual disability.

Only 150 are war veterans, Siegel said, countering a widespread belief that many cases of blindness have resulted from war injuries.

Most of the blind are also elderly, since four of the five main causes of blindness are illnesses associated with old age. Thus about 60 per cent of those registered as blind are over the age of 60, according to Nurit Noy, Migdal Or's Jerusalem area coordinator and the official in charge of research and development.

But she believes there are many more elderly blind people who are unknown to the authorities, and who do not receive the treatment and benefits they are entitled to. There is not enough awareness among educators of the specific problems that the elderly blind face. They are often "too old and tired" to learn to adjust to their handicap, she said.

Israel has an advanced approach to rehabilitation compared to other western countries, Siegel said. Treatment here begins earlier in a blind baby's development than in the U.S., for example.

Migdal Or runs a vocational rehabilitation centre near Haifa, where the blind are taught to adapt to their handicap and eventually to return to the work force. It also develops individualized rehabilitation programmes to be used at home.

Migdal Or has trained rehabilitation workers in the administered territories, where there is growing awareness of the problems of the blind, Siegel said. A number of these professionals will be at the conference, which will have simultaneous translation into Hebrew, Arabic, French and German.

Local architects and city planners do not take the problems of the blind sufficiently into account, he said. "Stop signs placed at head level and telephone booths which do not have a base which can be detected by a blind person's stick are examples of obstacles which may be hazardous."

But traffic lights with auditory or tactile signals have been developed here. A number of traffic lights in Haifa and Jerusalem emit a buzzing or whistling sound when it is safe to cross the road, and lights with vibrating buttons are now in the experimental stage.

People often don't realize what can present problems for those who cannot see, Siegel added. "For instance, sidewalks blocked by parked cars can present an obstacle or even a safety hazard for the blind."

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It doesn't look like much in black and white, but these happy Givati soldiers are receiving their distinctive new (purple) berets at a ceremony on Tuesday.
(Yoni Reif, IDF Spokesman)

Purple berets for Givati

By AVI HOFFMANN
The soldiers of the brigade, dusty from their summer exercises in the Judean Desert, lined up in a shallow valley set in the barren hills. The drab olive-green of their uniforms blended with the dun landscape. Suddenly a splash of colour enlivened the scene - Givati had put on their new purple berets.

The ceremony on Tuesday to mark the introduction of the distinctive headgear was another step in developing the brigade's *esprit de corps*. Givati thus joined the other frontline infantry units, such as the paratroopers and Golani, in having its own beret. Givati also has its own metal badge with crocodile and sword, indicating its speciality - marine landings and crossing water obstacles.

The brigade, resurrected in 1983 after being disbanded following the War of Independence, fought in the latter part of the Lebanon war. Nine of its soldiers were killed and families of the fallen were invited to the parade to receive berets on behalf of their sons.

The ceremony was austere. The men (and women of headquarters units) snapped to attention as a helicopter bearing OC Southern Command Aluf Uri Saguy, and Chief Paratrooper and Infantry Officer Tat-Aluf Shmuel Arad flew in. They said a few words about the beret's symbolizing Givati's membership in the exclusive club of frontline regular infantry units. Givati would also serve as a source of better-trained soldiers for reserve infantry units.

Ruti, of the Southern Command entertainment troupe, sang the Givati song, accompanied by the wind whistling in the loudspeakers. And that was it.

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Defiant Botha says raids are 'first instalment'

JOHANNESBURG (AP). — President P.W. Botha yesterday warned that South Africa's cross-border raids this week were just the "first instalment" in the campaign to crush the African National Congress (ANC) guerrilla movement.

Defying a wave of international condemnation, Botha told the mixed-race chamber of parliament in Cape Town that the government "has the will and capacity to break the ANC."

Earlier, Deputy Foreign Minister Louis Nel told reporters in Pretoria that security forces killed two ANC guerrillas and may have killed or wounded two more in the strikes on Monday.

But ANC spokesman Tom Sebina said earlier yesterday that no ANC members were killed or wounded in the attacks in Botswana, Zambia and Zimbabwe. He said no ANC members remained in Botswana, and that the target struck by South African planes in Zambia was a UN refugee camp, with no ANC residents.

He acknowledged that the suburban house and downtown office hit by the South African raiders in Harare, the Zimbabwe capital, were ANC premises. But Sebina said the residents learned of the expected attack and left ahead of time. He did not disclose details, but Zimbabwe President Robert Mugabe had also suggested there had been a warning.

The raid left three dead: A Botswana soccer player shot dead by ground troops and a Zambian and a Namibian in the Lusaka air strike. About 15 people were injured in the three strikes.

South African raiders used hired cars

HARARE (Reuters). — South African commandos used three hired cars for the raid in Harare on Monday, the Zimbabwe news agency reported yesterday.

The agency quoted Brian Bowyer, general manager of a local car hire agency, as saying the raiders paid a deposit of \$1,240 and complied with normal requirements when renting the cars in Bulawayo. The company had no indication they were saboteurs, he said.

No one was killed in the Harare attacks on a house and an office used by the exiled African National Congress.

A leading South African newspaper said yesterday that the raids had no convincing military rationale and were meant to mollify the right wing of the ruling National Party.

The liberal Cape Times said in an editorial: "This was President Botha the tribal leader in action, seeking to appease the wild men of the radical right."

World condemnation of the raids has poured on Pretoria, with Washington, South Africa's staunchest ally, saying the attacks were outrageous, and Canada temporarily withdrawing its ambassador.

The raids prompted a team of senior peace brokers, assigned by the Commonwealth group to reconcile Pretoria and the ANC, to cut short a visit to South Africa, casting doubt on prospects for an end to racial conflict, which has claimed over 1,500 lives in the past 27 months.

But Foreign Minister P.W. Botha insisted the talks would go on.

Meanwhile, police said at least 22 people died in violent clashes between blacks in Cape and Natal provinces. Sixteen died at the Crossroads squatters camp and some 10,000 were left homeless after two days of unprecedented fighting between older conservative vigilantes, known as the "fathers," and radical youths calling themselves "comrades."

Six other black people were killed brutally during faction fighting near the Indian Ocean port of Durban, and a young white girl was injured when blacks stoned a children's bus in the Eastern Transvaal.



William Wilson, who resigned as U.S. envoy to the Vatican, seen at his press conference yesterday.

(Reuters telephoto)

U.S. envoy to Vatican won't discuss his Libyan trip

ROME (Reuters). — The U.S. ambassador to the Vatican who resigned on Tuesday, denied yesterday he was forced to step down and declined to discuss a controversial meeting with Libyan leader Muammar Gaddafi earlier this year for which he was officially reprimanded.

The State Department announced the resignation of William Wilson, 71, a convert to Roman Catholicism and personal friend of President Reagan, who became ambassador in 1984 when full diplomatic ties were established with the Vatican.

At a news conference at the U.S. Embassy, Wilson declined to answer many questions by reporters concerning the trip to Libya in January, saying it had already been discussed in Washington.

Wilson caused a furor in Washington when it was disclosed that he had secretly met Gaddafi at a time the Reagan Administration had accused Libya of being behind the terror attacks at Rome and Vienna airports on December 27.

The State Department later said the trip had not been authorized and that Secretary of State George Shultz had reprimanded Wilson.

'NY Times':

Italy links Syrians to attack at Rome airport

NEW YORK (AP). — Italy has told the U.S. Central Intelligence Agency that the lone terrorist survivor of the December attack on the Rome airport has implicated Syria in the mission, the New York Times reported yesterday.

The newspaper, quoting unnamed American officials, said Mohammed Sarham told his Italian captors that Syrian agents had trained him and accompanied him on a journey from Lebanon to Damascus.

There, Sarham and his colleagues were told of their mission to attack the Rome airport, the newspaper said.

Syria provided the group with passports and money and arranged transportation to Belgrade, which became the jumping off point for Rome, the Times reported.

American officials said the Italians took Sarham's account seriously but had been able to corroborate only certain parts, the newspaper reported.

The officials told the Times the U.S. believed Sarham had been acting under orders from Libya until President Reagan was given the information about the possible Syrian connection two weeks ago.

Intelligence agencies still believe that Libya was involved in the Rome and Vienna airport raids on December 27, but now also believe Syria played at least as large a role, the Times reported.

Calls for Sakharov's release in W. Germany, UK, Austria

LONDON (AP). — British legislators, the West German government and 21 Austrian parliamentarians yesterday appealed for the freedom of Soviet dissident Andrei Sakharov, as scattered protests marked the 65th birthday of the Nobel Peace Prize-winning scientist.

Amnesty International also pleaded for his freedom.

Sakharov was banished in January 1980 to internal exile in Gorky, 420 kilometres east of his home in Moscow, after he criticized the Soviet military intervention in Afghanistan. He was long active on behalf of Soviet political prisoners.

West German officials denied a report in the mass-circulation newspaper Bild that negotiations were in progress for an East-West prisoner exchange that could include Sakharov.

Three of Britain's most influential daily newspapers, the liberal Guardian, the right-of-centre Times of London and the Daily Telegraph included Sakharov in their daily list

of birthdays, which run to about 20 names.

In London, an all-party group of 65 members of the House of Commons and the House of Lords urged Gorbachev in a letter to allow Sakharov to resume normal life "in a place of his choosing, whether in Moscow or at a university or institute abroad."

The Britons also called for an end to restrictions on Sakharov's wife, Yelena Bonner.

Bonner, in the U.S. for medical treatment, spoke in New York City's Town Hall on Tuesday evening in a tribute to herself and Sakharov, and said that her husband is a quiet person who has been forced by circumstance into his role as "the spiritual leader of our time."

Bonner, who received a standing ovation, ducked reporters' questions following the speech. But Andrei Semyonov, her son, said his mother was "worried about what is going to happen to both of them when she returns to Gorky."

High turn-out in Dutch poll

THE HAGUE. — Dutch voters turned out in force yesterday in a cliff-hanging general election that threatened to topple the centre-right government.

The election was thrown open in the final stages by a government drive against the "Chernobyl Effect," which hit its support badly, forcing a rethink of longstanding nuclear power plans.

Prime Minister Ruud Lubbers emerged as having clearly dominated an eve-of-poll television debate between party leaders, a viewer survey showed.

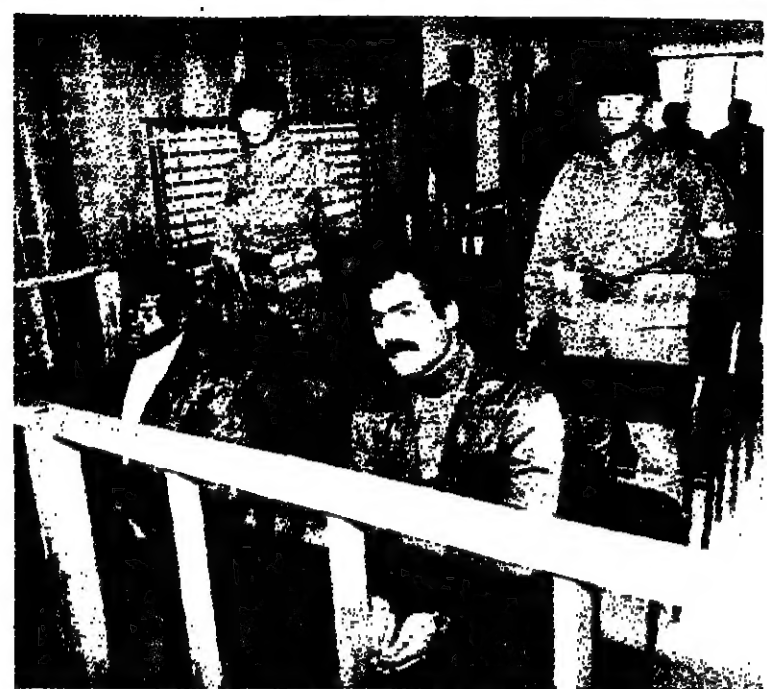
The large voter turnout, predicted to reach a record 90 per cent, could put the opposition Labour Party in a position to share power with the

ruling Christian Democrats if the coalition parties are unable to win a majority.

Labour is already the largest single party in parliament and is expected to raise its number of seats from 47 to 55.

With Labour sharing power, the new government could restructure the Netherlands' often contentious commitment to Nato. The Labour Party opposes the deployment of Nato nuclear missiles approved by Lubbers. (Reuters, AP)

NUCLEAR. — Yugoslavia has shelved the building of a nuclear power plant this month in its main wheat-growing area, the second cancellation of a nuclear plant this month.



Libyans Ali el Ejefli (left) and Rajab Muhtar Tarhuni in court yesterday as their trial resumed on charges of attempting to bomb the Ankara U.S. officers club.

(Reuters telephoto)

Two Libyan bombing suspects retract their confessions

ANKARA (Reuters). — Two Libyans denied in court yesterday that they attempted to bomb a U.S. officers' club in Ankara last month, though one said his target was American cars parked outside. The other denied any involvement.

The indictment says both Ali el Ejefli Ramadan and Rajab Muhtar Tarhuni were caught near the club on the night of April 10 with a bag of fragmentation grenades.

Both men repeated allegations, first made when their trial in the state security court opened on May 13, that statements by them acknowledging an attempt to blast the club had been taken under torture.

At the resumption of the trial yesterday, the two also denied ever

meeting Libyan consul Ali al-Zayyani, named on Tuesday as a defendant by prosecutor Ulku Koskun. It is not known if Zayyani is still in the country.

Three other Libyan defendants have left Turkey.

Presiding Judge Ekrem Celenk dropped from the case two of them, both on the staff list of the Libyan People's Bureau (embassy) in Ankara, after reading a letter from the Foreign Ministry declaring that they had diplomatic status.

Chief Prosecutor Nusret Demiral told the court the men had changed their stories in an attempt to reduce possible sentences. If convicted as charged, they face up to 20 years in jail.

Reinforced Aswan dam bomb-proof, experts say

ASWAN (Reuters). — Egyptian authorities have reinforced the Aswan High Dam on the Nile, shoring up the giant concrete structure against earthquakes or bombs.

"It is quake-proof and all the studies show it is safe," pronounced Salah Shihab, chairman of the dam authority. "It can even withstand bombing."

Fortunately, the 104-metre-high dam, completed by Soviet engineers in 1970, has never been put to the test against bombs. But alarm bells rang when Aswan, a business centre and resort of 750,000 people, was shaken by mild tremors in 1981.

Authorities feared a strong quake could destroy the dam and endanger millions living along the Nile, the lifeline of Egypt.

A dam burst would unleash a massive torrent of water from the 5,000 sq. km. Lake Nasser and could threaten Cairo 900 km. downstream.

A study ordered after the tremors reported last month that a big shock was unlikely and that even in the event of one, the \$1b. dam would withstand it. "But we are not taking any chances," Shihab told Reuters.

Shihab said the dam, which has a hydro-electric plant generating half the power for Egypt's 50 million people, could withstand an earthquake of up to 12 on the Richter scale.

The tremors five years ago registered 5.2, damaged buildings in Aswan and sent rocks tumbling into the river, nearly blocking the power station's water outlets.

Shihab said the recent \$8.4m. study, funded by Egypt and the U.S. agency for International Development, showed Aswan risked tremors up to 7.0 at the worst.

Shihab said safety measures installed since 1981 included a network of 13 seismic stations to give advance quake warnings.

A concrete-and-rock "safety belt" has been built as a shield against mines, underwater attacks and tremors. Engineers are now completing a \$1.5m. project to remove boulder debris and widen the shoreline.

"We have our own devices to detect any sabotage operations," Shihab added.

No such attacks have been reported, but officials recall that when a Libyan pilot defected to Egypt in 1984 with his warplane, authorities said he had been trained to bomb the dam.

Egypt and Libya have been at odds since Muammar Gaddafi came to power in Tripoli and nearly went to war in 1977.

The Aswan area is well-protected by Egypt's armed forces, and anti-aircraft batteries around the dam are visible from the air.

The history of the High Dam has symbolised political and diplomatic changes in Egypt.

The U.S. refused to finance the initial project and President Gamal Abdel Nasser turned to Moscow. When the first stage was completed in 1964, the Soviet leader Nikita Khrushchev came to Aswan and hailed it as a lasting symbol of friendship between the two countries.

A big monument to Soviet-Egyptian ties endures at the dam — despite Cairo's switch to the U.S. as a superpower ally under Nasser's successor Anwar Sadat.

However, American engineers have been called in to replace Soviet turbines in the hydro-electric plant. Officials said the Soviet turbines were built to last 20-30 years but had cracked after just four years.

The first two of 12 new American-made stainless steel turbines went into use this month and the others will be installed over the next four years in a \$100m. scheme funded from the U.S. aid.

Shihab rejected suggestions the dam had harmed farming. On the contrary, he said, it had helped farmers by regulating the flow of the Nile and saving Egypt from drought. However, drought further south had caused the river's flow to drop drastically in the last six years and a third of Egypt's arable land would have been threatened without the dam, Shihab said.

FOREIGN NEWS IN BRIEF

33 Filipinos die as rebels clash with troops

MANILA (Reuters). — At least 28 Communist rebels and five civilians were killed in a two-hour gunbattle between rebels and government troops in the central province of Samar, the Philippines News Agency said yesterday.

It said the gunbattle followed a recent attack by 150 guerrillas on the municipal hall of Maydolong. The agency gave no date for the clash, the biggest single incident with the highest casualty toll since President Corason Aquino came to power on February 25.

Theodorakis quits parliament for lack of reform

COLOGNE, West Germany (AP). — Mikis Theodorakis, the renowned Greek composer and political activist, yesterday said he was giving up his Communist Party seat in the Greek Parliament.

Theodorakis, 60, told reporters in Cologne that he had resigned his seat because the parliament is unable to bring about needed political change. Theodorakis had been a member of the Greek parliament for 10 years, but currently lives in Paris. He was in Cologne to promote a series of 20 concerts he will give in West Germany in November.

Cypriot farmers flood Nicosia streets with milk

NICOSIA (Reuters). — Makarios Avenue ran white for hours yesterday as Cypriot farmers poured milk on the main streets of Nicosia to protest against government agricultural policies.

At least one car skidded and crashed as cow-breeders in convoys demonstrated against alleged government failure to take action on rapidly increasing milk surpluses, officially expected to double this year from four million kilos in 1985.

Mafia trial defendant stitches his lips in protest

PALERMO, Sicily (Reuters). — The Mafia's traditional code of silence took on a new meaning yesterday when a defendant in the trial of 468 alleged gangsters stitched his lips together in protest against prison conditions.

He appeared to have sealed his lips with stapling wire, and resisted attempts to remove it.

Youth whose father beat him blows himself up

PEKING (Reuters). — A 19-year-old village boy blew himself up with a detonator in the central China province of Hubei because his father was too strict, the official China Legal News said yesterday.

It said the boy's father beat him up badly when he found him making a wooden box out of a plank. "The boy, feeling that life with such a father was not worth living, lit a detonator in his mouth and died," the report said.

SPORTS

Boggs wanted one more

NEW YORK (AP). — Wade Boggs collected five of the Boston Red Sox's 20 hits in a 20-7 rout of the Minnesota Twins, but still wasn't satisfied.

Boggs, who led the major leagues with a .368 average last year, went 5-for-6 with four singles and a double. He also reached base on an error and raised his average to .383, tops in the majors.

"I had five hits as a senior in high school, but I've never had six in a game anywhere," Boggs, a two-time batting champ, said. "I was thinking

about six, but it wasn't meant to be."

Staked to a 6-4 lead in the first inning and 7-0 after two, substitute Roger Clemens, 7-0, struggled seven innings for the victory.

"I played catch between innings in the clubhouse so I didn't tighten up," Clemens said. "Those weren't long innings. Those were extremely long innings."

Elsewhere in the American League, it was Oakland 2, New York 1, Detroit 12, Seattle 9, California 6, Baltimore 4, Chicago 2, Toronto 1, Texas 4, Kansas City 0, and Milwaukee defeated Cleveland 12-6.

In the National League, it was Atlanta 8, Chicago 3, St. Louis 5, Cincinnati 3, Pittsburgh 4, Houston 2, New York 2, San Francisco 1, Los Angeles 3, Montreal 8, and San Diego 4, Philadelphia 3.

Trio of upsets in Haifa

By JACK LEON
Post Sports Reporter

TEL AVIV. — Former Czechoslovak women's top-tenner, Michaela Pazderova, Austria's Heidi Sprung and Israeli Sarit Shalev shared the headlines yesterday in second-round singles competition at the Vanessa Phillips Women's Tennis Association satellite-circuit tournament in Haifa.

The three seeded players all upset seeded opponents in their matches at the Haifa Tennis Centre, in what is the third and last leg of the \$20,000 series prior to next week's Masters event at Ramat Hasharon.

Pazderova, 21, who now lives in Sweden, scored a tough 6-3, 2-6, 6-4

victory over 15-year-old Hagit Ohayon, who was made sixth seed after fighting her way to the semifinals in Ashkelon last week. Sprung, Austria's sixth-ranking woman player, also had to work hard for her 6-2, 4-6, 6-3 success against Israeli No. 2 Sagit Doron. Shalev was taken to 7-5 in her first set against South African Lizanne Selley, but then cruised to victory without the loss of another game.

The top three seeds, Dana Berger of Israel and South Africans Linda Bernard and Paulette Rous, all rumped into the quarter-finals, between them conceding only six games in their respective local opponents Omat Najwan, Dana Carmel and Karen Mayser.

The most excitement was Saturday, with play starting at 2 p.m. today.

Three-goal burst puts Canadiens up 2-1

MONTREAL (AP). — Mats Naslund scored two goals, one on a power play in Montreal's three-goal burst in 68 seconds late in the first period, to lead the Canadiens to a 3-1 victory over the Calgary Flames Tuesday night and a 2-1 lead in the Stanley Cup finals.

In winning game 3 of this best-of-7 series, the Canadiens came back from a 2-1 deficit created by two Calgary power-play scores early in

the first period.

Montreal centre Bobby Smith tied it with a goal at the 18:25 mark before Naslund's power play goal, the Canadian's first after 11 straight failures during manpower advantages, put Montreal ahead for good. Naslund had scored Montreal's first goal of the game to make it 1-1 earlier in the period.

Bob Gainey then completed Montreal's three-goal streak with a goal at 19:33 to give the Canadiens a 4-2 advantage going into the second period.

The loss was the Flames' second straight in the series following a 3-2 overtime loss to Montreal in game 2 and marked the first time in the playoffs that they had lost two in a row.

Game 4 will be played in Montreal tonight and the series will move back to Calgary for game 5 on Saturday night.

France beat U.S.

DUSSELDORF (Reuters). — France took a big step towards the final of the tennis World Team Cup yesterday when Thierry Tulasne and Henri Leconte led them to victory over defending champions U.S.

Tulasne beat 1985 Wimbledon finalist Kevin Curren and Leconte defeated Eliot Teltscher, both in straight sets to give France an unbeatable 2-0 lead before the concluding doubles.

France have now won both of their ties in the red group and, barring a major upset against Argentina tomorrow, will line up in the final of the \$500,000 tournament on Sunday.

SPORTOTO TIPS

Single	Parimutuel
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2. Ben. T. v. Sep. S.S.	1 1
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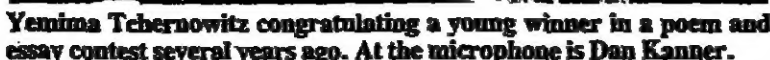
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הכרזה לארבע

THERE AND THEN / *Sravya Shapiro*

At the time of the Russian Revolution, Yemima was in Kiev, with her mother. "There were demonstrations. Someone said they were looking for *Zhids* (Jews). But the pogroms did not reach us." Nor did the battles leave any impression on the little girl.

TO GAIN the children's trust Yemima held a permanent dialogue with them. She travels a lot, conversing with children of all ages in the most remote parts of Israel. Children are curious about the writer. "Does he



Worst of all is the verbal violence which permeates society today. "Yes, the Knesset debates, televised into everybody's home, have contributed to the change in atmosphere." If she could only herd them into her kindergarten to teach them respect

real life sometimes turn sour: a young boy in Kiryat Shmona once asked her, "He was in the class which later made an outing to Ma'alot, where so many children were killed by terrorists. And I never had the nerve to inquire after his fate."

**NEG-EV
NOTEBOOK**

Liora Moriel

During this same period, Gilat and his wife found the time in 1941 to help establish Kibbutz Gat in the northwestern corner of the Negev. There, he strengthened his commit-

For the moment, however, Gilat wants to rest for two weeks before beginning his new occupation as kibbutz archivist. Rahel, who is very happy that her husband is finally home, noted that he could rest for much longer, since he had accumulated a year's worth of vacation time.

But he has not quit journalism. "I was asked to carry on writing special profiles of kibbutzim, conferences and events, and I will," he said.

MUSIC

In the Third Piano Concerto, Natasha Tadson tackled the solo part with dazzling instrumental prowess, the pianist emphasized the dynamism, brilliance and elegance of the score - a valid if none too conventional approach. Still, draw-

modern and ensemble performances of a cappella and accompanied works. The soloists merged well in their team-work whether sitting, standing or dancing, with Ruti Tabor conducting most of the time.

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Examples: 21



100

100

controlled and subsidized prices subject to change. Prices some other

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Tournament sparks unrest in Mexico

G.G. Hechal 2: The Lover 4:30, 7:15, 9:30; **G.G. Hechal 3: 9½ Weeks** 4:30, 7, 9:30

Give Soldiers Lifts!

Meir: An 'unacceptable excommunication'

The following is the formal statement of resignation of Aharon Meir as managing director of United Mizrahi Bank, delivered on Sunday in compliance with one of the recommendations of the Bejski Commission. Meir continues to hold several of the bank's subsidiaries and is still a member of its board, in defiance of the commission's conclusion that he and other top bankers should no longer hold any position in the banking system.



Aharon Meir (Israel Sun)

THE commission of inquiry, which was appointed to investigate the circumstances and reasons which led to the support of bank share prices and the crisis which followed, severely criticized the system of bank share price support. In that respect, the commission did not tell Bank Mizrahi anything new. As the commission itself indicated, Bank Mizrahi joined the share price support system with great hesitation. Years after the other banks had begun supporting the price of their own shares. For years the bank had refrained from supporting its share prices. As a result, during a period of almost 30 years, the real return on the bank's shares was negative.

The commission determined that the price support process in its full sense was begun in 1977 (see paragraph 2.6 of the report). Bank Mizrahi, refrained from supporting its shares at that time. It should be stressed that the real return on the bank's shares, as determined by the commission, was negative in 1978 as well.

Only during 1979, when for the first time the annual increase in the cost-of-living index broke the 100 per cent barrier, was the bank forced to join the share support system. However, as a result of the bank's hesitation and basic disagreement with that system, it supported share prices for a period of several months only and discontinued that support at the beginning of 1980. Termination of support was effected on a trial basis, for a period fixed in advance, so that the shareholders would understand that the support was not discontinued due to the weakness of the bank relative to the other banks, but that this was a first effort to challenge the other banks to terminate such support entirely. Throughout the entire period, which continued for approximately one and one-half years, the bank specifically and prominently stated, in prospectuses published with the approval of the Israel Securities Authority and the Tel Aviv Stock Exchange, that if even one of the major banks would join it in discontinuing support of its shares, Bank Mizrahi would not renew its support of share prices.

At the beginning of 1981 (towards the end of the trial period) there was a crisis in the stock market. For a period of three months, during which the prices of the other banks' shares retained their value on a real basis as a result of the support system, the shares of Bank Mizrahi, which were not being supported, lost

in excess of one-quarter of their real value. The public sold shares of Bank Mizrahi and invested in other shares instead.

In view of all these circumstances, and in order to protect the bank and its shareholders, in mid-1981 the bank was forced to resume supporting its shares.

ALL OF the foregoing facts are noted in the commission's report. What is absent from the commission's report, an absence for which I have absolutely no explanation, is that all the witnesses who testified before the full commission, without exception, testified that commencing in 1981, Bank Mizrahi, acting alone, could not itself have permanently stopped supporting its shares. The former chairman of the stock exchange, Meir Heth, who had in the past served as examiner of banks, so testified, and the commission expressed particular confidence in Heth's testimony as to all the subjects about which he testified. Thus the present examiner of banks, Galia Maor, also testified, and the commission expressed particular confidence in her testimony and appreciation for the manner in which she fulfilled her responsibilities. Sadik Bino, the expert witness invited to testify by the commission who serves as managing director of the First International Bank, also testified to this effect in an especially decisive manner. When he was asked specifically about this point, he said most emphatically that, with respect to the situation from 1981 (on page 1195 of the minutes of the hearings), there was no doubt that if an individual bank such as Bank Mizrahi had decided to stop supporting its shares, it "would have been destroyed by its clients" within 24 hours. The bank's deposits would have been withdrawn the next day.

That was also the express position taken by Maor, who also testified that the appropriate approach is to distinguish between the banking system and an individual bank. That was also the danger which worried the experts in the Bank of Israel, as

was included in the Bank of Israel's document concerning the possibility that Bank Mizrahi would by itself cease supporting its share prices. And that, without any desire to continue supporting its shares, was the fear of the board of directors of Bank Mizrahi, and my fear as well. In this matter, I did not depend only on myself. As appeared in the testimony before the commission, I approached and sought the advice of the superintendents of banks who were in office during that period and who are charged by law with protecting the stability of banks. I asked them if, in their judgment, Bank Mizrahi, acting alone, could permanently cease support of its shares. The response was unambiguous: Bank Mizrahi could not itself permanently terminate support of its shares.

That was my testimony before the commission, and confirmation was furnished by the former examiner of banks, Oded Messer, and by Dr. Meir Heth in their testimony before the commission.

MOREOVER, after Bank Mizrahi began again to support its share prices, because it could not be the only bank that did not do so, every time any idea was presented by any government authority whatsoever with respect to termination of support, Bank Mizrahi was the first, and I repeat, the first, which was willing to end the support process. In that regard, let me cite the testimony of Dr. Heth, on page 2617 of the minutes of the hearings. He said that, based on the conversations which he held with me during the years of share support, he could confirm that Bank Mizrahi, the smallest of the four large banks, was always the first which was willing to stop supporting its shares.

For the foregoing reasons, the Bank of Israel and the Finance Ministry openly and specifically authorized Bank Mizrahi in 1982 to establish "Oreglo" for the purpose of providing foreign currency financing for the continued support of its shares.

All of the matters referred to above were part of the testimony of witnesses who testified before the commission, but the commission in its conclusions did not refer to any of that testimony whatsoever.

Before I move on to another topic, I want to stress one point which I was asked about by the commission, as to which the commission received a complete response. Why did Bank Mizrahi support its shares, registered on the stock exchange, while the First International Bank did not do so? The answer is simple. The First International Bank registered its shares on the stock exchange only at the end of 1982, less than 30 days before the beginning of the crisis. There is no doubt that at that time there was no real opportunity for that bank to begin supporting its shares.

AT THE beginning of my statement,

I indicated that the commission had determined the circumstances which led to support of bank shares. But the commission did not refer to the question of why we did not permanently terminate that support. This was a legal commission. It included three individuals trained as lawyers, but who are not experts in banking. I am not saying this to be critical; rather, as with the case of every judge, they were required to decide in accordance with the expert testimony given to them. All of the witnesses who testified before the full commission, without exception—including Heth, as to whom the commission stressed his public opposition to the system of share support, and including Bino, who cannot be said to lack objectivity or expertise—testified that, as an individual bank, we could not permanently terminate the support of our shares without other major banks joining us, or without a government order regarding the termination of support of shares by all the banks.

I cannot understand how the agreement of another bank officer (of a bank which did not terminate its support of shares for a single day) to the proposed government standby support ("Reshet") programme suggested by Gadish (and as the commission emphasized, we also agreed to that programme) and the positive reaction of that bank officer to the ideas that were suggested by an official of the Ministry of Finance, all found strong expression in the commission's report and conclusions (justifiably, and I have no criticism of this), but the following facts did not:

- the fact that Bank Mizrahi was the last to join the support system and the first to agree to every suggestion to terminate the support system;
- the fact that it was the only bank which took the risk of discontinuing the support system for a period defined in advance, at the same time extending a public invitation to every other bank to join it, so that the temporary termination would become a permanent one;
- the fact that as a single bank we had no way out and no possibility of terminating the support system alone;
- the fact that we did not initiate the support system and were the last to join it; and
- the fact that Bank Mizrahi consulted on a regular basis with others in the banking system who were also known to be uncomfortable with the support system, and they agreed with the bank that it could not alone terminate the support.

How is it that all of those facts, which are not in dispute and which were presented in testimony before the commission, did not find any expression in the commission's conclusions?

was there before the commission from which the commission could conclude, if indeed it so concluded, that Bank Mizrahi could by itself permanently stop supporting its shares without its depositors withdrawing their deposits, thereby destroying the bank and damaging its shareholders—the very same shareholders which the commission wants to protect?

In Section 23.9 of the commission's report, the commission made a recommendation for the future, according to which a director (like any other employee of a bank) who does not follow the instructions of the board of directors shall be subject to civil and criminal sanctions.

The commission itself stressed that Bank Mizrahi had discussed the support system on a regular basis with its board of directors.

As appears from the minutes of the bank's board of directors, until 1982 not a single director of the bank sought the termination of share support. Only in 1982, the year in which, according to all of the witnesses, without exception, it was no longer possible to terminate share support, did one member of the board of directors believe it appropriate to terminate support. All of the other directors, I am among them, with all our reservations and concerns as to the support system, were of the view that there was no way we alone could terminate support, even though we wanted to do so. The commission itself stresses, in section 2.28 of the report, that the majority of the directors decided to continue the share support system.

This position of the board of directors, and I was a full partner in the position, did not derive from a positive attitude towards the support of shares, but from knowledge of the dangers which unilateral termination of support would cause to the bank and its shareholders.

I IMPLEMENTED this policy and those decisions of the board of directors, and I accept full responsibility in that regard, and I have already advised the commission to that effect. On the other hand, I should stress that I had not implemented the policies and decisions of the board of directors, then according to the commission's recommendation. I should today be subject to criminal and civil sanctions for failing to pursue the policies of the board of directors and for instead following the minority view, which in my opinion and that of the board of directors would have placed the bank in extremely serious danger.

It is not my purpose today to analyse all of the commission's report. I am confident that this will be done in the future, and it is most appropriate that it be done, based on the analysis of experts, since the future of banking in Israel and the fate of the securities markets depend on such an analysis. But it is my

obligation to stress that, except for individuals who were involved in support of shares in one way or another (who were questioned in the hearings mainly in connection with their role in the support system), and except for Bino (who was invited by the commission to testify as someone who was not involved in the support of shares), and except for Professor Ben-Shahar (who testified on behalf of Bank Leumi), the commission did not ask a single expert to testify. There was no Israeli or foreign expert, no expert as to the stock exchange, no expert as to capital markets, no experienced banker or expert as to banking, no expert from Israeli or international companies whose business is advice with respect to the purchase and sale of securities. I have said what I had to say, and I will not add anything to this point.

I would not be severely critical of the commission had it fixed a public standard, according to which it would be appropriate, after an event such as the share crisis of 1983, and despite the government involvement in the reasons for support of shares and the continuation of that practice, and the direct government responsibility for those reasons and causes that brought about the crisis and its resolution, that the heads of the banking system should resign.

But I cannot proceed without commenting on the commission's having completely avoided paying any attention to the matters I referred to earlier, and the form and the manner in which the judgment as to the individuals involved was made by the commission.

IN A country such as ours, a person who is accused of a crime and is convicted by a magistrate's court can appeal to the district court, as to both the question of criminal liability and the severity of the punishment. Our legal system is premised on the possibility that a judge may have made a mistake. Someone whose appeal is rejected can appeal again to the Supreme Court. Someone whose appeal is rejected in the Supreme Court can request that court to consider the matter again before a panel of five judges. That is the approach whether we are dealing with a violation of the law, or with the reputation of a person and his life's work, or with the right of an individual to continue his profession (such as an appeal of decisions of the Israel Bar or the Auditors Council). Above all, and this is an everyday matter, one court may decide that another court has erred and reverse the decision or reduce the punishment.

It is not my personal fate that concerns me so much as it is the protection of this principle of the right of appeal and clarification before a further official body, and the protection of the rights of the individual citizen in a state that has no written constitution. These are more important than any individual issue

that was considered by the commission. Unfortunately, however, according to the laws of the State of Israel, someone whose matter is being dealt with by a commission of inquiry does not even have half the rights of someone who has violated a traffic ordinance. He has no right in the first instance to examine witnesses, no right to refuse to testify, and no right to be asked questions by his lawyer.

But most seriously, the individual, even if warned by the commission, lacks the elementary right of appeal against decisions affecting him personally. I want to stress that if the commission of inquiry has made a mistake, whether minor or major, there is no other legal body which can correct or change the commission's conclusions or recommendations. In the case of a commission which has tarnished someone's reputation, even though he did not have half of the procedural rights available to an individual who defends his name in court, there is no appeal to any court with respect to that decision.

This is a major danger to personal rights. In my opinion, it is appropriate to establish a commission, and not a commission of inquiry, to examine this matter and to present proposals for amendment of the law.

AFTER 23 years of banking work, I accept that I must resign from my position as managing director of the bank, but I do not accept the "excommunication" the commission has imposed on me.

I have not come here today to deal with personal matters, but rather with matters pertaining to United Mizrahi Bank Ltd., to which I have devoted the best years of my life, in order to convert it from a small local bank with 12 branches in Israel to a banking concern which has 81 branches in Israel and offices in Europe and America and is the owner of three mortgage banks (which issue 40 per cent of all mortgages in Israel), a commercial bank, an investment bank, two investment companies, and an insurance company.

In 1961 the total assets of the bank were \$11.476 million; last year its consolidated assets were \$5.110 billion. Customers' deposits in the bank grew during that period from \$6.5m. to \$2.3b. The bank's capital grew from \$855,000 to \$190m. The number of the bank's employees has increased from 190 to 1,941. In 1980, the bank was included for the first time in the list of the largest banks compiled by *The Banker*, appearing in 470th place. This year the bank was ranked No. 330. This is a wonderful bank, with a talented staff and a loyal group of customers, and I wish it and them much prosperity and success!

I hereby submit to the board of directors my resignation from my position as managing director of the bank.

A case of plain old breaking the law

PINHAS LANDAU/Post Finance Reporter

IF THE above statement represented Aharon Meir's parting shot at the Bejski Commission, and at the media whom he accused on TV of creating a lynch atmosphere to get rid of him, then it would be possible to let it pass. But since the man refuses to resign from the board of Mizrahi, much less to stand down as chairman of Mizrahi Overseas, the subsidiary through which the bank runs its international, mainly American, operations, his words require greater scrutiny.

In essence, Meir is making two points—that he has been hard done by, and that he led the bank to great successes. The former is a distortion and the latter is a myth. Meir complains that this commission failed to take into account that Mizrahi joined the "regulation" late, and reluctantly. However, in its recommendation regarding Meir, the report notes that "we have not ignored the fact that it was Bank Mizrahi that unilaterally stopped

"regulating" its shares for a period of time." But the recommendation also notes that "in addition, we found in Bank Mizrahi irregularities which surpass in their gravity those found in other banks." In addition, that is, to the standard use of subsidiaries to buy the bank's shares, giving loans for that purpose (both illegal); abuse of the bank's trust position as trustee of mutual funds and manager of provident funds, trying to hide all these actions from the authorities, persuading its customers to buy the bank's shares at bloated and unreal prices—and the whole tired panoply of wrongdoing that goes by the umbrella term of "regulation."

What then were the "irregularities" at Mizrahi, if these were merely the regular ones? They were the use of anonymously-owned foreign

companies—possibly straw companies, possibly bona fide foreigners acting on behalf of the bank for who-knows-what reason—to help buy the bank's shares, using money lent by the bank for that purpose; and the arrangement made with some private brokers that they could sell their Mizrahi shares back to the bank at the previous trading day's prices—something that came in mighty useful for those brokers when the exchange was closed on that fateful day in October 1983.

In response to these charges, Mizrahi claimed that it did no more than other banks had done and there was no reason to single them out. Not "irregularities" then, just plain old breaking and twisting of the laws and directives of the Bank of Israel, the same as all the others. That makes sense, and would explain why Meir got the same recommendation as all the others—out for life, from every-

thing, everywhere. Except Gazit. Meir cannot fathom why Gazit got a good mark for being in favour of stopping the "regulation" in 1981 while he did not. The answer is frighteningly simple. The commission accepts what Meir quotes all the witnesses as saying: By 1981 there was no way any single bank could pull out alone. Even stopping the operation together would have been very dangerous.

True, Meir supported suggestions that all the banks should try and pull out together, as Gazit did, and as Japhet and Recanat and Eli Cohen did not. That is not the point.

What apparently concerned the commission was who got each bank into the "regulation" swamp in the late Seventies, not who thought what about the whole issue in the early Eighties. For the commission, the crucial period for the banks was 1977-79; post-1980 was a different

ball game. Gazit got off lightly because he didn't take over at Hapoalim until 1981. He didn't get off completely because he still maintained the "regulation", with all the negative features noted above, and was responsible for what Hapoalim did through October 1983. That is also, by the way, why Ephraim Reinher got the same recommendation as Japhet, Recanat and Meir—because he was the top man in Bank Hapoalim from February 1978 until April 1981. So much for relative guilt, at least the way the Bejski Commission saw things.

AS A spin-off of this moaning about being unfairly treated, Meir indulges in some pathetic pleading that he should be allowed to appeal against the "sentence" meted out to him. Japhet also referred to this in an interview, but at least he had the good sense not to make a mountain

out of a molehill. In the first place, everybody knows that everybody knows—meaning that Bejski and Co. only told us what the State Comptroller already had told us about what we all knew long before. Each publication made the details more damning, but the basic finding of "guilty" was obvious since October 6, 1983. What Meir wants is for some other body to spend still more time proving the obvious, giving him more time to continue in his job. That is the last thing that should be allowed. All his talk about "protection of this principle of the right of appeal" is so much eyewash.

Secondly, the current procedure for commissions of inquiry allows many opportunities for bringing further evidence, witnesses, pleas and so forth. The sending of warning

letters to persons whom the commission thinks may be damaged by its findings is a key part of this process. It is followed by granting persons warned the opportunity to examine all documents and testimony they consider relevant, to call and cross-examine any witnesses they want, and then to appear in person or through their lawyers, and state and restate their cases, in writing and/or verbally.

In the case of the Bejski Commission, all the banks waived their right to call witnesses, much less to cross-examine other witnesses. The bankers submitted their cases in writing but did not bother to reappear. Why? Because after they had failed in their legal gambit to undermine the commission, they realized the game was up.

Others behaved differently. Meir Heth reappeared and ended up with a mild rap. Galia Maor prepared a tenacious defence after her warning

(Continued on next page)

The Public Council for Culture and the Arts
(Min. of Education and Culture)

In cooperation with

The Rubins Academy of Music and Dance, Jerusalem

announce

1986 Summer Dance Course at the Academy of Music and Dance, Jerusalem

The course, which is intended for dancers and advanced students, will open on Sunday, July 6, and finish on Friday, July 18.

Instruction will be provided by some of the best Israeli and foreign teachers and artists. The course programme will include classical ballet, modern dance, jazz dance, character dancing choreography, and also lectures and films on the dance.

For details and registration, contact Orli, Secretary of the Dance and Movement School at the Academy, Clivat Ram Campus, Jerusalem, Tel. 02-636232, Sunday—Thursday, 10 a.m.—12 noon.

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Defence spending cuts hit aviation concern hard

Cyclone Aviation faces turbulent times

By DAVID RUDGE

Jerusalem Post Reporter

The ailing Cyclone Aviation Products company is trying to weather the recession.

The company, which is expected to post a loss of more than \$1 million on its operations for the fiscal year 1985-86, is trimming its activities and work-force in order to ride out the storm.

The number of employees has been cut from more than 600 to 500 in the past four months and the firm wants to dismiss another 20 full-time workers.

The problems of Cyclone, located near Carmiel, follow a familiar pattern these days of formerly high-flying companies that have been brought down to earth by the effects of the government's economic recovery programme and budget cuts.

Cyclone, which overhauls and repairs light planes, helicopters and aircraft parts - notably rudders, stabilizers and wings - has been hard hit by the reduction in the Defence Ministry budget.

The bulk of the firm's work is done for the Israel Air Force, according to Gideon Goren, Cyclone's president and managing director.

In 1983-84 work performed for the Defence Ministry netted the company \$6.8m. This dropped to

around \$5m. last year (1985-86) and Goren expects a further cutback of about 30 per cent this year.

"This shrinkage in work orders from the Defence Ministry is the main reason for streamlining our activities and laying off staff," he said.

Goren noted that salaries comprise some two-thirds of the firm's overhead. The company has already cut other expenses and now has no alternative but to reduce the number of employees.

"Of the 110 people laid off in the past four months, 30 were foreign workers and the remainder either temporary or part-time workers. Now, unfortunately, we are having to dismiss tenured employees, which is always more difficult," he said.

Goren cited other reasons for the firm's financial problems. Apart from the drop in sales, the company suffered a 21 per cent erosion in income as a direct result of the price freeze.

To compensate for the reduction in revenues, the company has put more emphasis on developing and expanding its markets abroad.

In addition to its Defence Ministry work, Cyclone manufactures aircraft parts - including doors, fuselage sections, fuel tanks and machine parts - for all types of planes, and helicop-

ters. The bulk of this work is done for the American aerospace industry. Cyclone also acts as a service station for Bell helicopters.

By building on its expertise and existing contacts in this field, the firm managed to increase exports from \$2.5m. in 1983-84 to \$5.8m. last year.

However, this increase was offset by large-scale outlays in equipment, re-training programmes and expanded marketing services, which resulted in a loss on foreign operations.

Nevertheless, Goren is optimistic that the "positive trend" in foreign sales will continue and exports will become profitable in the near future.

Another factor that has contributed to Cyclone's financial difficulties was the losses (\$400,000 in the first half of this year) on its subsidiary company Carcom (Carmiel Composites).

Carcom, which employs 40 people, produces structural aircraft parts by bonding strong, durable fibres.

Goren pointed out that it was not uncommon for a company in its first year of operation, such as Carcom, to post a loss. But here again, he was optimistic about the future, saying he expected the subsidiary to break even this year.

In addition to its other activities, Cyclone is also involved in the development and manufacture of a two-seater, single engine light plane, which has required a heavy investment.

The project is being supported with research-and-development grants from the Industry and Trade Ministry.

In addition, the company made a rights issue this month, raising \$300,000, mostly for working capital but also for the development of a light plane. Etl Lavud utilized its rights, maintaining its stake at the 63 per cent level.

Despite the present financial problems, Goren is confident that Cyclone, which is 63 per cent owned by two Etl Lavud subsidiaries, Etl Lavud Advanced Technologies and Etl Lavud Industries, can survive the recession and come through in even better shape.

He noted that the government had agreed to compensate the aircraft industries for the income erosion this year, and this coupled with the efficiency measures being taken should give the firm a boost.

"Provided there are no dramatic changes, I'm optimistic that we will finish the 1986-87 fiscal year on a break-even point or possibly a small profit," he added.



Bill Risley (left), European marketing manager of microwave systems for U.S.-based Hewlett-Packard, shows some of his company's equipment to Nathan Raskin yesterday. Risley was one of several guest speakers at the Radio Frequency and Microwave Symposium at Tel Aviv's Dan Hotel.

Computers fail to make ILA more efficient

By MACABEE DEAN

Jerusalem Post Reporter

Computerization of the Israel Lands Administration financial records has failed to improve efficiency, the State Comptroller found. Not only did the backlog of outstanding debts grow by 18 per cent in 1985, but some people leasing lands managed to avoid paying the administration as long as seven years.

Moreover, if procedures for following up and forcing collection of outstanding debts do exist, they have

THE STATE
COMPTROLLER
REPORT NO. 36
1986

not been very effective, the comptroller said. Some IS 11.3 billion is owed to the ILA by the general public plus another IS 55 billion by the Defence Ministry. There is no system for reckoning linkage and interest on overdue payments, the comptroller said.

In Savon, a high-priced residential district outside Tel Aviv, the comptroller uncovered a story of particularly poor management.

When the ILA took over the area from the Jewish National Fund, it was bound by contracts drawn up previously between the JNF and a land developer. The developer, however, managed to have the zoning regulations changed, thus increasing the value of the plots. Yet the ILA was unable to benefit from this added value.

The ILA had a legal opportunity in 1977 to revalue those plots in the area that were still undeveloped, but it failed to do so, even though it had several years to take action. Moreover, since 1977, the ILA failed to collect rents from either the developer or those leasing the plots from him.

In 1980 some 2,000 dunams of ILA property were appropriated for security reasons in the centre of the country. Not only is there no documentation indicating what criteria was used for compensating the people formerly occupying this land, the comptroller found, but in two cases the ILA agreed to pay compensation to farmers who had contracts neither with it nor anyone else.

In Nazareth, the ILA decided to build infrastructure for an area of 210 dunams so that, in the first stage, some 221 housing units could be built. The ILA, however, took no steps to make sure that the work was done at the lowest cost. Indeed, the comptroller found, the ILA authorized development work above the generally accepted standards, although there were doubts that it would ever earn back the additional outlay required.

Moshe Kraus and Moshe Mann, rather than to Meir.

The consolidated balance sheet shows that Mizrahi's capital is \$174m. But against this it has \$104m. sunk into its own shares that it bought in 1983, before the October collapse, and \$88m. in fixed assets. That alone is more than the total, but there is a further \$177m. invested in subsidiaries - such as the two mentioned. What this means is that the bank operates not with its own money but with borrowed money - borrowed, that is, from its depositors. Vulnerable would be an understatement to describe this situation.

This is Meir's legacy. He went for two big adventures, electronics and "regulation." Both of them were risky at best, and only possible for very big banks with very large resources. "Regulation" failed completely. The idea of making Mizrahi one of the most advanced banks in the world in terms of its computers has fallen due to another cruel reality of the 1980s: The terminal is not the solution, it is only as good as the man who operates it. In Mizrahi, more than in any other Israeli bank, there is a dearth of solid middle and top-management.

Now that Meir is going, the fact that he refused to groom an heir has also come out. There is a brutal battle going on between his subordinates over the succession. He himself is apparently planning to obtain a position that will allow him to maintain his influence, even from outside the bank.

and always were, centred on being bigger, on playing in the big league, whether the bank, and indeed the whole economy, was suitable for this adventure or not.

When Hapoolim and then Leumi and then Discount invented the system of manipulating their shares - and then the whole market and the whole economy - Meir was determined to be in as well. At first he tried to tag along. Then he was dragged along, until he couldn't get out even though he wanted to and knew he ought to. Having built himself an entourage of yes-men, and holding the board of aged party functionaries under his thumb, he was unstoppable. All the while, he assiduously promoted the myth of Aharon Meir, the super-successful bank manager.

UNFORTUNATELY, though, the opposite is true. Mizrahi never recovered from the events of late 1982 and early 1983. It has had liquidity problems ever since. The bank lost money in 1983 and lost more from its operations in 1984 - when all the other "regulation" banks returned to profitability. Mizrahi covered these losses only by selling some real estate, and eked out a small profit last year thanks to a change in the accounting rules of how foreign operations are treated.

The bank's two genuine profit centres are the New York subsidiary and the Tefatot Mortgage Bank. It is by no means impossible that their success is due to their managers,

BREAKING THE LAW

"In the wake of this, a massive selling wave hit Mizrahi's shares. In the first days, the bank reacted by absorbing offers with no change in price. When the wave of offers didn't stop, the bank adopted the tactic, which we have explained previously, of responding to offers by raising the share price (through use of "leader orders"), against the market trend. As a result, there was a sharp rise in the price of Mizrahi's shares (a 10 per cent real rise in January 1983 alone).

"In January-March 1983, the rise totalled more than 20 per cent in real terms. Simultaneously, the Mizrahi companies which regulated its share prices accumulated a huge stock of shares worth \$90m. This was a very weighty sum when compared to the bank's means (the bank's equity amounted to some \$100m. at the end of 1982, and its inflation-adjusted equity at that date was \$200m.-odd). It may be assumed that, with this, the bank reached the limits of its capacity, if not actually surpassing it. From the point of view of Bank Mizrahi, this crisis was no less serious than that of October 1983. Fortunately for Mizrahi, at that point the selling wave dissipated and the public began buying its shares again. The bank was saved from the crisis, but liquidity problems weighed on it for many months thereafter."

Thus, we come to the real bottom line. The man to blame for Mizrahi's participation in the "regulation" scandal is, as the commission concluded, the man who brought them into it. But why did Meir want to play a game so dangerous that, as his reluctant and ambivalent attitude to it all along proves, he knew he should never be in?

The answer is that Meir is of the Levinson/Japhet/Recanati/Cohen/Reiner generation. His thoughts are,

MIZRAHI never fully recovered

(Continued from Page 7) letter, and emerged unscathed. Conversely, Eli Cohen had to be hauled back to appear before the commission in January 1986, to have the riot act read to him for failing to provide the documents and material that had been requested almost one year earlier - and to be told several times that the commission didn't believe him or his bank.

To the bankers, this is all evidence that the cards were stacked against them from the beginning. So, in a sense, they were, but not by the commission. They had done the job themselves, and are continuing along the same path of self-destruction.

AND SO back to Aharon Meir. Although he dwells on his role in 1981, he is silent about the events of December 1982-March 1983. Not surprisingly, because this is what the report has to say about that dramatic period:

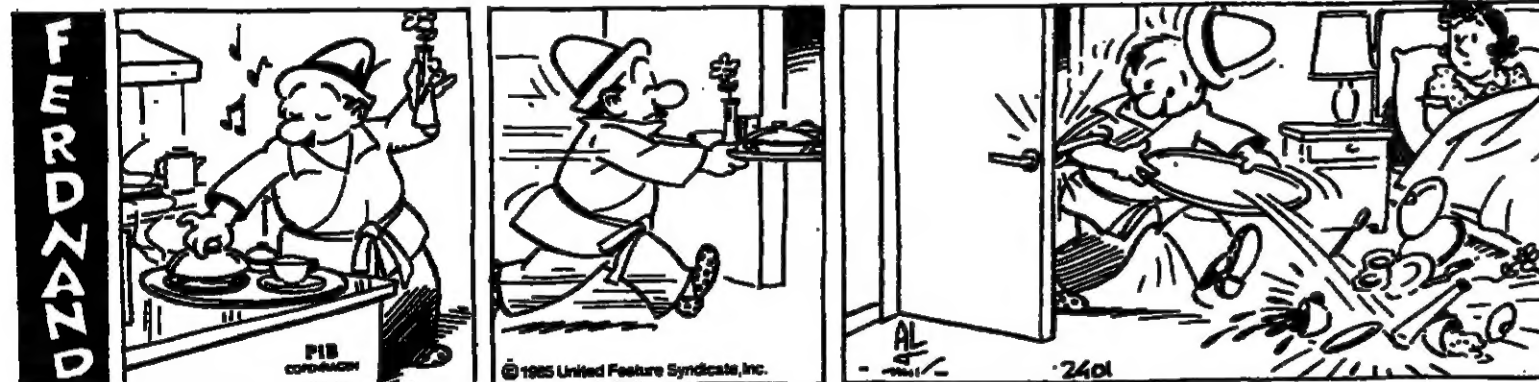
(p.46) "...In 1982, the First International Bank made a public share offering... the bank is controlled by Fibi and Fibi was controlled by Danot. In December 1982, a draft agreement was drawn up between Danot and Mizrahi whereby Danot would sell its Fibi shares to Mizrahi (who would thereby acquire control of First International) for a price of \$150m. The validity of this agreement was conditional on, among other things, Mizrahi's obtaining an authorization for a \$75m. share issue. We will not expand on this deal, which was not consummated.

For our purposes, it is sufficient to note that the asset value of the Fibi shares that Mizrahi was going to buy was vastly less than \$150m. The sting in this deal was that Mizrahi would buy control of First International (through Fibi) and that a large portion of the price would be paid by the public, which was supposed to buy the shares, the money for which would go to finance the deal.

"Galia Maor, in her letter of December 21, 1982, advised allowing the purchase on condition that Mizrahi be authorized a share issue of \$100m. Finance Minister Yoram Aridor refused to authorize the issue, and with that the whole matter was dropped."

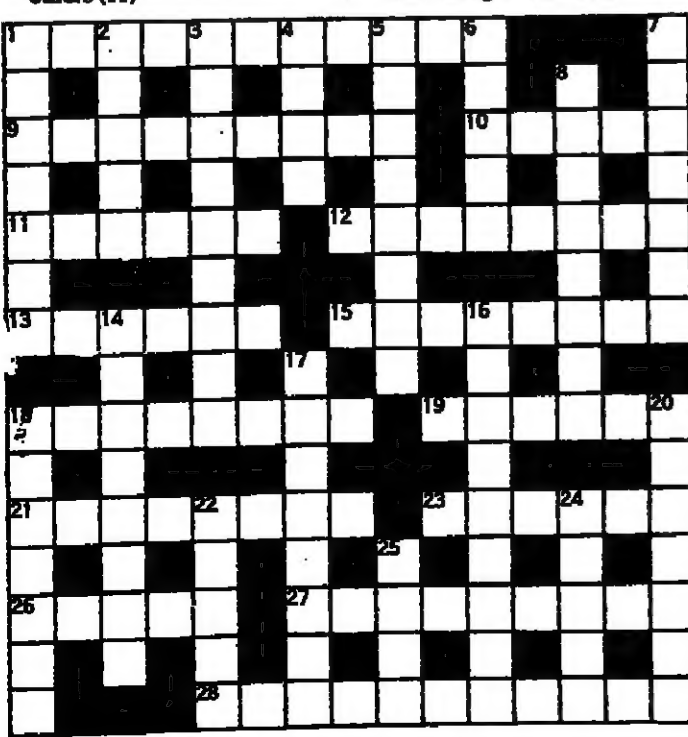
Everyone today, including Mizrahi, admits that had the deal been signed, Mizrahi would have been unable to finance it, and might well have collapsed under the strain, because, immediately thereafter, the stock market bubble burst. What happened to Mizrahi at that time, even without the onus of the Fibi deal, is described a few pages earlier:

"At the time when the free (ie non-bank) share market crisis was at its peak, the selling wave that had hit the three big banks died away and from February through April 1983, they succeeded in selling part of the share inventory they had piled up. At that same time, very heavy selling pressure developed on Mizrahi shares. According to the bank, rumours linked the bank with the Rieger-Fishman group, whose Ronit fund had fallen, as noted, in the second half of January 1983.



ONE-ON-ONE CROSSWORD

- ACROSS**
- Not expert enough to execute, I messed about haphazardly (4,7)
 - Fierce preacher rendering a beer song (9)
 - A study I make for a capital Yemen citizen (5)
 - Responding to applause when one's in the band (6)
 - Novelist I object to being tried hard to fathom (8)
 - Drink aboard for game fellows (6)
 - Push off after breaking one law, say, with a helper (4,4)
 - Esteemed landlord tenants in arrears can bank on? (6,2,6)
 - Sharer of secrets between you and me, it's said (8)
 - Resort a Royalist leader cared about (6)
 - Excuse for not being at a small party I join (5)
 - Time of immaturity in the past (5,4)
 - It upsets her somehow holding such responsibility for others (11)
- DOWN**
- Where those about town come from? (7)
 - The wherewithal for comfortable living (5)
 - Understanding the decimal system perhaps (6,3,5)
 - He takes a first-class return on leave in a dark tragedy (4)
 - Bright star a girl embraces in America... (3,5)
 - ...and she's about 10 (5)
 - Substantial score under a hundred at the wicket (7)
 - Gave an evaluation on second sight? (8)
 - Barely pass as a streaker (8)
 - Sizeable character making the headlines (5,4)
 - Writer with no time for his bride's outfit? (8)
 - Anything but forward he makes a poor joke in the French way (7)
 - Pus appears! (5,2)
 - See 3
 - Train for the stage at one time (6)
 - Indomitable nerve shown after biting the dust (4)



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Holon 80133
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Haifa refineries violates standards on air pollution

HAIFA. - An investigation of the oil refineries here by the Haifa region environmental quality unit has uncovered more than 100 violations of a two-year-old air pollution prevention order issued by the Interior Ministry.

Zvi Forer, director of the unit, said that on seven occasions the refineries had grossly exceeded the national standard for maximum permissible carbon dioxide emissions.

He said the investigation was prompted by complaints from area residents that had grown especially bad last month. An analysis of the air showed the refineries were the source of the pollution. Forer said. He pointed out that the refineries had installed equipment designed to prevent emissions and had also put in tall smokestacks.

"This shows that there is no alternative but to improve the technology needed to remove the pollution from the refineries' emissions," he said.

Lebanese pound fails to record low

BEIRUT (Reuters). - Lebanon's pound plunged to a record low against the dollar yesterday due to disagreement between the central bank and the Oil Ministry over oil import payments, dealers and banking sources said.

The pound closed at 28.60/28.80, more than a pound down on Tuesday's close of 27.35/27.85, after opening at 27.65/27.00. The previous low of 27.50 was reached earlier this year when fighting wrecked a peace pact.

Dealers said the new low was caused by conflict between the Oil Ministry and the central bank, which had not allocated the necessary sums to the ministry for oil-import payments. "Speculation that the central bank wants to preserve its foreign currency deposits caused big demand for the dollar," one dealer said.

The Economic pages are edited by Shlomo Maoz.

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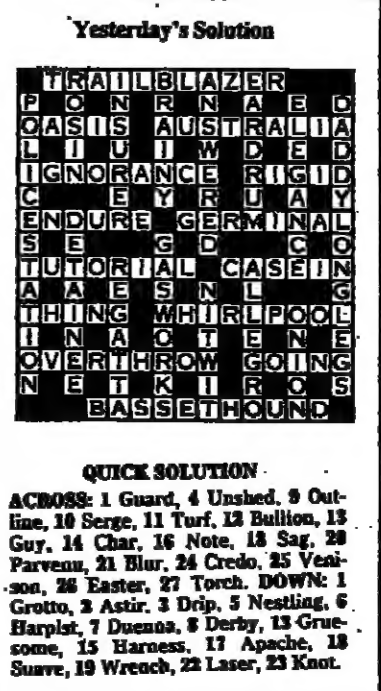
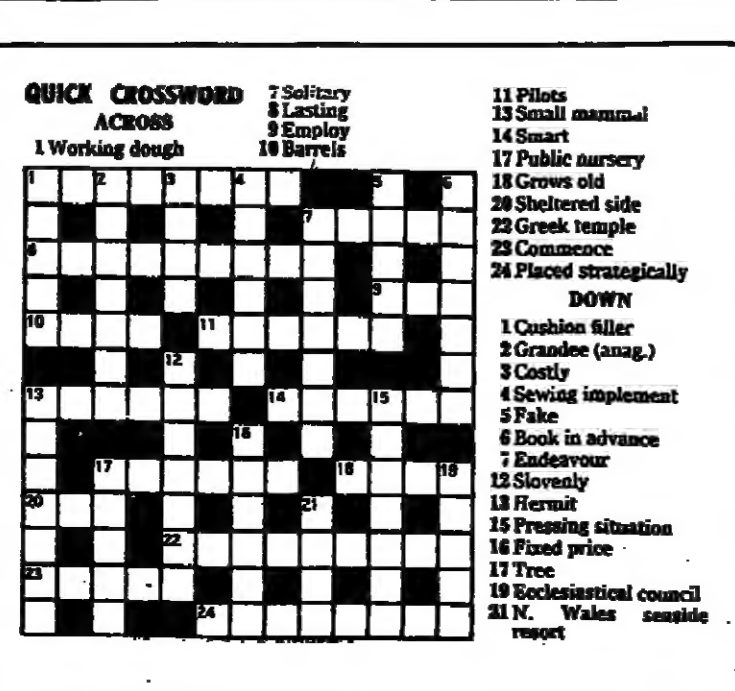
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"Let him who has studied come and teach"

(Midrash Raba)



הכזאמלאחל

MARKET PLACE

Oil woes

Since the "oil shock" of the 1970s, the industrialized nations of the world have justly regarded their dependence on petroleum as one of the main threats to economic recovery. But Middle East oil production, which income has been cut in half since 1980, is a result of the collapse in oil prices — face an unprecedented economic crisis with far-reaching social and political implications.

Saudi Arabia's deepening economic woes could lead to political instability in the 1990s. Egypt's hopes for growth have been dashed by cuts in oil prices. And countries that supply millions of workers to the oil-producing states may find them returning to swell the ranks of the unemployed.

These were some of the points made at a symposium on the current oil situation in the Middle East held at Tel Aviv University's Dayan Centre for Middle Eastern and African Studies.

The potential for social displacement resulting from the transfer of workers from the have-not Arab states to the region's oil powers is the most serious problem facing the Middle East today, Prof. Shimon Shamir said. Millions of workers were imported into Saudi Arabia and Iraq from Egypt, Jordan, the Sudan and North Yemen during the years of the oil boom; they became an important source of foreign exchange for their countries. Now, amid economic recession, they are being sent home.

Ami Ayalon of the Dayan Centre noted that remittances from the three million Egyptians working abroad provide over 25 per cent of Egypt's foreign exchange — more than that supplied by U.S. aid and Suez Canal revenues combined. A majority of the Egyptian population has become dependent on this income, since each worker supports a large family. If there should be a significant reduction in the number of Egyptians working abroad, social upheaval might follow.

As an oil producer, Egypt has suffered as well. In 1985, it lost half of its oil income as a result of falling prices. Suez Canal revenues dropped due to reduced oil traffic. Ayalon warned that Egypt's economic situation is dangerous and deteriorating. The illusion of economic growth that prevailed during the Sadat regime has been exploded, along with the high expectations it generated.

As to Saudi Arabia, the Dayan Centre's Prof. Elyahu Kanovsky predicted that its present economic crisis would worsen. Saudi Arabia, he said, has been assuming a world oil price policy of increasing oil prices and demand. It spent so much money over the years on massive development programmes that it has ended up with huge deficits. Frustrated expectations among different classes of the population, resulting from severe budget cuts, could lead to political instability, Kanovsky said.

The reduced power of Middle East oil has made the region no longer a U.S. priority, according to Stuart Korman of Tel Aviv University's Centre for Strategic Studies. The U.S. has lowered its profile with Saudi Arabia and other Arab states, while the elimination of oil pressure has enabled it to deepen its economic, political and strategic ties with Israel.

Furthermore, reduced oil prices have weakened Arab pressure on Europe to take a Middle East position independent of that of the U.S. thereby lessening tensions between the U.S. and Europe. But Korman noted that the permanence of these changes depended on many factors that could not be predicted.

Dekel: Gov't knew nothing about Iran arms deals

Post-Knesset Reporter
Deputy Defence Minister Michael Dekel said yesterday that some of the reserve officers recently linked to alleged arms deals with Iran and suspected of having violated U.S. laws had operated in this matter with the knowledge or approval of the government.

"I declare unequivocally," said

Bino, Singer get top 1st Int'l posts

By PINHAS LANDAU
Post-Finance Reporter

The new board of directors of the First International Bank yesterday voted to appoint Zedek Bino as its chairman and Shalom Singer as the bank's managing director.

Bino has served since 1980 as managing director of the bank and is widely considered the primary factor in the bank's successful record in that time. Singer has held a series of managerial positions with First International, most recently as senior executive in charge of the deposit and investment division.

Bino told *The Jerusalem Post* that he plans to withdraw from day-to-day management of the bank to concentrate instead on developing and implementing its long-term strategy. In the wake of the purchase of a controlling stake in the bank by New York industrialist Jack Nasser, First International is looking to expand its overseas activities. The first step in that direction will be to upgrade its New York operation

from a representative office to a full branch.

Nasser recently took over as chairman of Fibi Holdings, the parent company of First International. However, Nasser agreed not to be chairman of the bank itself, as one of the terms of the licence granted by the Bank of Israel. Nasser has not even become a member of the bank's board.

The general meeting of the bank's shareholders, held on Tuesday, chose a seven-member board to replace the temporary board that held the fort during the interregnum in the bank's ownership following the collapse of the Danot company.

Apart from Bino and Nasser's Israeli representative, attorney Shlomo Toussia-Cohen, the directors are all public representatives.

Three of them — attorney Boaz Nahor, former deputy finance minister Yehoshua Flamin and Frutaron Chairman Yosef Geva, were chosen by the Bank of Israel in conjunction with Bank Discount. Discount owns

a 28 per cent stake in First International but cannot appoint its own representatives, according to the terms of its agreement with the central bank.

Other board members are Menahem Meron, former director-general of the Defence Ministry, and Elhanan Shanon. The latter's appointment has led him to step down as managing director of First International's mortgage subsidiary, Merav, although he will stay on its board.

Bino and Singer have both been with the bank, or the banks which merged to form First International in 1972, for 24 and 18 years, respectively. They both worked their way up the ranks in the bank's passive activities, deposits and investment management, rather than the active side of lending.

At 40, Singer becomes the youngest chief executive of any Israeli bank. Sources say he was chosen over the heads of several other senior officials.

Dun & Bradstreet spots 4 fast-growing firms

By MACABEE DEAN
Jerusalem Post Reporter

TEL AVIV — Four industrial companies established unique growth records in 1985, according to Dun & Bradstreet's list of the country's 100 largest industrial firms plus the 75 runners-up.

Fibronics, a maker of fibre optic cables and related equipment, increased its sales by 94.5 per cent, jumping from 144th place in 1984 to 85th in 1985, while Elissra grew by 62.5 per cent, rising from 39th to 33rd place. Ornat turbines grew by 48.8 per cent, jumping from 120th place to 80th, while Vishay Israel, a manufacturer of electronics gear, increased its sales by 43.3 per cent, rising from 109th to 75th place.

However, David Bondi, managing director of Dun & Bradstreet (Israel), and Eyal Yana, director of business information, said that the information on 1985 generally presents a gloomy picture. Despite several outstanding examples, the 175 companies surveyed grew by only 0.6 per cent last year, compared with 8 per cent in 1984.

Despite their overall slow growth, the top 100 industrial companies accounted for sales of \$8.4 billion, about 40 per cent of the country's gross national product.

Among the sub-groups surveyed, the largest drop in sales was for building products, down by 13.30 per cent, followed by metal products, down by 8.80 per cent, with a 7.89 per cent drop in exports. Wood and paper products sales meanwhile fell by 7.55 per cent, with exports down by 6.91 per cent.

But sales of jewelry rose by 18.30 per cent, with exports up by 15.84 per cent, followed by energy & infrastructure, whose sales rose by 10.45 per cent, but posted an export drop of 9.86 per cent, and plastic and rubber, whose sales grew by 10.0 per cent, but whose exports rose by only 1.04 per cent.

The unexpected growth sector, Bondi noted, was textiles, which, he said, was widely "believed to be a sick industry." The textile industry increased its sales by 5.23 per cent, although its exports declined by 2.49

per cent.

The ten leading exporters were Israel Aircraft Industries, \$552m. up 26.9 per cent; Dead Sea Works, \$257m., up 5.1 per cent; Tadiran, \$251m., up 2.5 per cent; Scitex, \$131m., up by a huge 133.3 per cent — more than any other large company; Negev Phosphates, \$126m., up 27.2 per cent; Polgat, \$85m., up 5.5 per cent; Oil Refineries, \$85m., a jump of 42.1 per cent; Solitum, \$81m., down by 32.3 per cent; Elbit computers \$80m., a jump of 45.5 per cent; and Haifa Chemicals, \$79m., down by 4 per cent.

As for the 10 largest firms, there was no change in the ranks of the first six: LAI, Israel Electric Corporation, Tadiran, Tuva, Dead Sea Works, and Oil Refineries. But Polgat moved up to seventh place from 13th, Elbit to eighth from ninth, Negev Phosphates to ninth from 15th, and Dubeck to 10th.

Pushed out of seventh place was Elscint — now ranked 20 — with Solitum dropping from eighth to 18th place, and American Israeli Paper Mills from 10th to 13th place.

Donations can offer tax benefits

By JEFF BROIDE

The legal consequences of a gift or donation is that the donor divests himself of ownership of the asset donated or given. Thus, the donor reduces the assets on which he must pay the estate duty and income taxes. That is because the donation spreads the assets and income over a greater number of taxpayers.

In Israel, there is no estate duty tax nor a gifts or donations' tax, which may be of particular significance to non-residents. However, the transfer or divesting of ownership may make the donor liable for a capital gains tax. However, where the recipient is the state, local authorities, the Jewish National Fund, Kerem Hayesod-United Jewish Appeal, or other approved public institutions the donation is not subject to the capital gains tax. In addition, gifts to relatives or others — if they have been made in good faith — are not taxable.

A donation to a public institution approved by the Treasury, or to the Jewish Agency, the World Zionist Organization, the United Israel Appeal, or the JNF entitles the donor to an income tax credit equivalent to 35 per cent of the donation. However, it is subject to the following terms:

• The amount of total donations by the taxpayer for the year exceeds NIS 55.

• The tax credit will not be granted for donations exceeding the lower of 25 per cent of the donor's taxable income, or NIS 50,000.

• The amounts in respect of which tax credits are granted for donations and investments in research and development — may not exceed 45 per cent of the taxpayer's taxable income.

It should be noted that the tax credit for donations is granted to individuals and corporations. A 30 per cent tax credit is granted on amounts invested in a memorial to a relative killed in war.

The writer is a Certified Public Accountant (Israel). Questions concerning personal finance may be addressed to Jeff Broide care of The Post.

Tel Aviv Stock Exchange

MARKET STATISTICS

Indices:

General Share Index	117.44	+0.19%
Non-Bank Index	138.74	+0.38%
Arrangement	107.64	+0.07%
Insurance	165.84	-0.30%
Real Estate	152.04	+1.18%
Commer. Services	172.00	+0.04%
Real Estate	128.38	+0.15%
Textiles	182.15	+0.51%
Metals	108.95	-0.19%
Electronics	128.87	+0.24%
Chemicals	128.74	+0.09%
Industrial Invest.	113.66	+0.57%
Investment Cos.	139.20	+0.62%
General Bond Index	107.78	+0.16%
Index-linked Bonds	108.90	+0.27%
Partly-linked	111.06	+0.25%
Fully-linked	107.41	+0.28%
Dollar-linked Bonds	96.61	-0.33%
Short-term 0-2 yrs	98.25	+0.14%
Medium-term 2-5 yrs	107.38	+0.21%
Long-term 5+ yrs	105.90	+0.04%

Turnovers:

Shares—total	NIS 6,956,200
Arrangement	NIS 2,240,500
Non-bank	NIS 6,715,700
Bonds—total	NIS 5,115,200
Index-linked	NIS 3,667,300
Dollar-linked	NIS 2,047,900
Treasury Bills	NIS 6,933,800

Share Movements:

Advances	175 (154)
Declines	33 (117)
"buyers only"	10 (9)
Declines	108 (119)
of which 5% +	14 (20)
"sellers only"	0 (6)
Unchanged	100 (113)
Trading Halt	46 (43)

Bond Market Trends:

Index-linked	11,451
3% fully-linked	11,533
Mixes to 1%	10,500

4.25% fully-linked
80% linked
30% linked
Double-linked
Dollar-linked:

Admon	11.84%
Rimon	11.84%
Aliahe	11.84%
For. Curr.	11.84%
denominated	11.84%
Treasury Bills	11.84%
(monthly yield)	1.20% to 1.66%

Arrangement yields:

IDB ord.	11.84%
Union 0.1	11.84%
Discount A	11.44%
Mizrachi r.	11.36%
Hapoel m.	11.48%
General A	11.45%
Leumi stock	11.33%
Fin. Trade 1	10.50%

SELECTED PRICE QUOTATIONS

Name	Price	Volume	%	100NIS change
Meir Ezra	4150	140	-7.8	
Supersol 2	5230	1967	+2.8	
Dalek r.	5450	1888	+0.9	
Lighterage	12309	b.o.2	+5.0	
Cold Storage	7330	b.o.1	+5.0	
Dan Hotels	3831	19	-4.0	
Yarden Hotel	3000	485	-1.0	
Hilton 1	12250	50	+2.1	
Tadm 1	1804	625	-4.2	
Commercial Banks				
(not part of "arrangement")				
Maritima 1	1148	1178.0	-1.5	
General non-arr.	28000	55	-	
First Int'l	3685	1814	-	
FIBL	3810	3934	-	
Commercial Banks				
(part of "arrangement")				
JDB r.	81750	634	-0.1	
Union 0.1	61000	57	-	
Discount	104800	74	+0.0	
Mizrachi	33850	328	+0.4	
Hapoel m.	55740	1144	-	
General A	142550	10	+0.4	
Leumi 0.1	36380	2018	-	
Fin. Trade	47900	3	+1.5	
Mortgage Banks				
Leumi mort.	8220	120	-2.8	
Dev. Mort.	1400	2288	-4.0	
Mishkan r.	2225	795	+2.4	
Telshor r.	13950	105	-0.4	
Merav r.	4510	388	+0.9	
Financial Institutions				
Agri. C.	56000	18	+2.0	
Ind. Dev. DD	not trading			
Clal Leasing 0.1	8787	238	+1.0	
Insurance				
Avnet 0.1 r.	945	900	-5.5	
Hesmer r.	545	20387	-	
Phoenix 0.1	1570	777	-	
Hesmer r.	6880	25	-1.0	
Menorah 1	7850	30	-	
Sahar r.	4230	225	-	
Zion Hold. 1	18200	28	+1.3	
Trade & Services				
Meir Ezra	4150	140	-7.8	
Supersol 2	5230	1967	+2.8	
Dalek r.	5450	1888	+0.9	
Lighterage	12309	b.o.2	+5.0	
Cold Storage	7330	b.o.1	+5.0	
Dan Hotels	3831	19	-4.0	
Yarden Hotel	3000	485	-1.0	
Hilton 1	12250	50	+2.1	
Tadm 1	1804	625	-4.2	
Real Estate, Building and Agriculture				
Azorim	627	6549	-	
Elion	390	9205	+2.8	
Elion Agr. 0.1	34920	79	-0.7	
Dalek r.	4850	426	+1.0	
Prop. & Bldg.	2850	2236	-	
Bayseide 0.1	4500	131	+6.5	
ILDC r.	56400	153	+0.8	
Ressor r.	6880	351	-8.4	
Mehadrin	6400	530	+7.0	
Nadalin	1110	2707	-	
Industrials				
Dubek b.	3700	884	+0.8	
Pr-Ze 1	2245	421	-1.5	
Stronost	7850	94	+2.8	
Elita	14870	320	-2.5	
Adipar	980	880	-0.5	
Arguman r.	13620	227	+0.1	
Delta G 1	3485	580	+0.8	
Maquette 1	25155	103	+10.0	
Elita 1	1195	44	+4.4	
Polgat 0.4	9950	303	+0.5	
Schoellaria	15320	86	-0.2	
Rogovin	3788	1169	-	
Union 0.1 r.	12100	313	-0.1	
Is. Can. Co. 1	1050	2332	-0.9	
Zion Cables	2475	809	+3.1	
Pecker Steel	7280	188	-2.2	
Elbit 5 r.	445000	22	-	
Elron	395000	18	-1.0	
Arit	32500	144	-1.1	
Clal Electronics	2280	2537	-0.4	
Spectronik 1	2200	961	-0.3	
T.A.T. 1	4085	858	-3.0	
Acherstein 1	1480	630	-3.3	
Agan 5	18789	306	-	
Aliahe	1450	238	+0.1	
Dexar	3937	b.o.2	+5.0	
Fertilizers	8000	s.o.1	+6.5	
Haifa Chem.	843	3581	-	
Dev. r.	55000	34	-	
Dead Sea r.	15100	611	-	
Petrochem.	524	12538	-0.9	
Neca Chem.	8080	85	-	
Frutaron	2280	1537	-0.4	
Hedera Paper	194500	113	-10.0	
Central Trade	6120	202	-	
Koor p.	5570000	0	-1.0	
Clal Inds.	1404	16079	+1.2	
Investment Companies				
IDB Dev. r.	3910	3481	-	
Elion	2885	976	-	
Alit	no trading			
Giblat	1750	854	+3.3	
Israel Corp. 1	8950	327	-	
Wolfson 1 r.	109500	8	-3.1	
Hapoel m.	4900	1688	+3.6	
Leumi invest.	4829	582	+0.7	
Discount invest.	2411	5166	-	
Mizrachi invest.	13504	49	+2.0	
Clal 10	2400	2089	+1.3	
Landora 0.1	10000	22	-	
Parm 0.1	8315	30	+1.2	
Oil Exploration				
Pei Oil Expl.	12550	15	-	
J.O.E.L.	1518	728	+2.6	

Abbreviations:
s.o. sellers only
b.o. buyers only
h.b. broker registered

ISRAEL MONEY MARKETS May 21, 1986

SHEKEL INTEREST RATES
PRIME BORROWING RATE: 1.25% per month
Unlinked Deposit (Annual Rates)

	Last Updated	Tapas	Pakam 7-Day	Pakam 30-Day
LEUMI	21.5	8-15.25%	8-15.75%	8-14%
HAPOLIM	20.5	8-14.5%	8-15%	8-14%
DISCOUNT	9.4	7-13%	7-13%	8-14%
MIZRAHI	8.5	8-16%	6-15%	6-17%
FIRST INT'L	12.3	6-12%	7-13%	6-13%

Rates vary according to size of deposit.
(Tapes: demand deposit paying daily interest.
Pakam: fixed-term deposit available from 7 to 59 days.)

PATAH — FOREIGN CURRENCY DEPOSIT RATES (as of May 21)

	3-MONTHS	6-MONTHS	12-MONTHS
USD	6.500	6.500	6.525
STG	9.375	9.000	8.750
DMK	4.000	4.000	4.000
SFR	4.000	3.750	3.625
YEN	3.250	3.250	3.250

THE JERUSALEM POST

Ari Rath
Editor and
Managing DirectorErwin Frenkel
Editor

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Sharon's tractors roar again

ARIEL SHARON intends to do it again. Now he will set up an "industrial zone" over a 600-dunam area of state land between Jewish Kiryat Arba and the Arab village of Bani Naim, near Hebron. Rock clearing on the hilly terrain is due to start within the next few weeks, although the government has not even discussed the project let alone approved it. But Sharon, the industry and trade minister, is not impressed by formalities.

An interesting project, it may be said, but what useful purpose is it designed to serve? The one useful purpose it is plainly not designed to serve is that of supplying jobs in industry to present or future settlers in Judea. Breadwinners in Kiryat Arba, the area's one Jewish township, travel to Jerusalem for desk or trade jobs when they do not oversee Arab labour in Jewish-owned enterprises at home. But they do not perform manual work in low-paying industry. The facility will also not lure newcomers to Kiryat Arba to do so.

There is, of course, nothing intrinsically wrong with creating jobs in and around Kiryat Arba for jobless Arabs in and around Hebron. The ranks of the unemployed throughout the West Bank are now being swelled by thousands of returnees from the Gulf states affected by the drop in oil prices. Their numbers could not only depress living standards but undermine tranquility as well. But that, presumably, is not uppermost in Mr. Sharon's mind.

The real purpose of the "industrial zone" is to create still another fact-on-the-ground that would help exclude any but the Israel sovereignty option for the territories — or, as the economics minister, Gad Ya'acobi, has put it, to drive one more nail into the coffin of political settlement with Jordan and the Palestinians.

To Mr. Sharon, \$260,000 per dunam in initial investment is not too high a price to pay for so noble a cause. For he claims, as well, that this is not money denied to other worthy recipients. On that point he has been challenged by the head of the labour council of Ofakim, a development town in dire straits, and has offered no rebuttal.

But the facts speak for themselves. Most development towns can barely keep head above water. In Galilee an Arab majority has already formed as jobless Jews flee south. The Negev, focus of Ben-Gurion's grand vision, is only gathering dust as an area of Jewish settlement. The settlements in the Jordan Valley are sinking into bankruptcy, and more of them may follow the example of Moshav Vered Yericho which was closed down by its members yesterday.

All these areas, it would seem, are absent from Mr. Sharon's list of national priorities. It is Judea and Samaria, full as they are of Arabs, that he cares for, and he's got the funds needed to make them ever more Jewish, however slightly, so to hell with budgetary belt tightening. He's got the land, too, since any land in the territories declared to be the state's is by definition Israel's. Since, moreover, the "industrial zone" he contemplates is not conceived as a settlement, strictly speaking, the constraints on settlement included in the coalition agreement need not apply to it. Or so he has decided.

If Sharon feels he can take such liberties while Shimon Peres is still premier, it is plain what he will do when Yitzhak Shamir gets the post.

Capitalism deluxe style

RAPHAEL RECANATI, the chairman of Israel Discount Bank, now stands alone in open and total defiance of the Bejski commission's recommendation that he resign.

That recommendation may not have the legal force of a court sentence, but it has all of its moral force. By refusing to heed it, Mr. Recanati challenges not only the unwritten norms of proper business conduct and accountability which the Bejski Commission reaffirmed. He defies the overwhelming weight of public opinion, the consensus of the Knesset State Control Committee, and the rules of common decency.

Mr. Recanati bases his defiance on the sanctity of private property and the claim that a private bank's management is accountable only to its shareholders. That argument has been rejected by the commission itself as well as by the Supreme Court.

The fact is that 85 per cent of his bank's shares are held by the public only because the government has underwritten them and, when the time for their redemption comes in 1987-89, a large proportion of them may in any case be dumped in the government's lap. The Discount Bank is therefore virtually government-owned: it is "private" only on the government's surance.

But even if it was not, that would still not help Mr. Recanati. For the right to private profit from private property entails responsibility for private losses. If Mr. Recanati and his family had to bear their bank's losses, by forgoing the government's bailout under the "bank share arrangement" of October 1983, it would have been the end of the bank and of him as banker — a result far harsher than what the Bejski Commission recommended.

The shamelessness of Mr. Recanati's defiance is his alone. Unfortunately, his perverse interpretation of what the rights of private property entail is not. It has been endorsed by Liberal cabinet ministers who have rallied to his support. In the case of Justice Minister Yitzhak Moda'i and Finance Minister Moshe Nissim the support is at least hesitant and qualified. Not so in the case of Science and Technology Minister Gideon Patt, who is not much given to understatement. He has carried his defence of Mr. Recanati's cause to the point of insult and insolence with an attempt to disqualify the Bejski commission and its report *in toto*.

The Knesset Control Committee is irate and has threatened to introduce legislation to force compliance with the Bejski recommendations. Rightly so: if necessary — as it now seems to be — Mr. Recanati should be forced out by law. So should the other bankers who have so far only complied with parts of the Bejski recommendations.

Second thoughts on the Bejski Commission

Blow to independence

ALLAN E. SHAPIRO

THE BEJSKI Commission on the "regulation" of bank shares has been subject to little public criticism, except from those affected directly by its findings and recommendations.

The near unanimity of public support it has enjoyed should itself cause second thoughts. Is it the other side of the coin to the general apathy which reigned with regard to market manipulation while bank stocks were riding high?

In time, convulsive internal divisions may prove less dangerous to the future of Israel than uncritical consensus. In and out of government, our minds exhibit at times a pronounced herd instinct.

The governor of the Bank of Israel and the bank managers deserve little sympathy. Few will quarrel with the determination of the commission that the absence of personal responsibility is no less serious than the bank stock crisis itself. But at what cost to other public interests has the achievement of the Bejski Commission been won?

One obvious victim has been the independence of the Bank of Israel. This is no small matter. The independent status of the governor of the central bank has always been regarded as an important safeguard, if it is to properly perform the function for which it was created. In terms of independence the governor of the Bank of Israel is often bracketed with the attorney-general, only a step below the independent status of the judiciary.

The Bejski Commission separates the two. The distinction comes out as clearly in the style of the commission's report as in its substantive content. Despite the independence of the governor, the Commission gives him an express directive to act, which the government itself would be powerless to do. If the bank

managers do not resign and are not discharged by the bank directorates, says the recommendation, "We recommend that the governor of the Bank of Israel in office at that time will exercise without delay his powers... and will appoint an authorized manager who will manage the bank."

The recommendations of the commission are binding on the government unless it finds them unreasonable. Here the recommendation is directing the governor to take action which the government could not direct him to take.

Is this recommendation binding on the governor? And if so, is he required to reach the same conclusion, acting in his quasi-judicial capacity, that the commission reached? If so, what has become of the independent authority and judgment of the governor?

COMPARE THIS to the way the Commission dealt with the attorney-general. In the introductory section to its findings and recommendations, the commission flatly states that the banks and their managers violated a number of laws.

In its recommendations, this is slightly toned down to *prima facie* violations, after which the commission continues: "It appears to us desirable that the attorney-general examine those facts included in the report that indicate *prima facie* violation of law by individuals or by associations and decide if appropriate measures should be taken in this matter."

What are the appropriate measures for the governor to take, the commission apparently has taken upon itself to decide. But in dealing

with the attorney-general they "recommend" and suggest certain actions that "appears to us desirable."

The general rule is that the government cannot give directions to a competent authority, one charge by law with the power to make a specific determination. Professor Rubinstein states in his authoritative *Constitutional Law of the State of Israel* (2nd edition): "This rule should hold only when the nature of the office and the status of the incumbent give grounds for the assumption that the legislator intended to grant the official authority that is special, independent, and separate from the hierarchy of government service, as in the case of the attorney-general or the governor of the Bank of Israel." In his third edition, Rubinstein can delete the governor.

The present governor, Moshe Mandelbaum, has a personal problem, of course, but it becomes a problem of the independence of the institution he heads. The commission recommends that he quit. If he refuses, then it recommends that he be discharged, according to the procedure provided by law, which was designed to protect his independence. If the law is inadequate to bring about his dismissal, then the commission recommends that the law be changed.

This is also the pattern with regard to the bank managers. The law gives the governor authority to suspend the managers for a period of only three months. Therefore the Commission recommends that the law be changed to make the suspension unlimited and to extend it to lower echelons of management.

CHANGING THE LAW, retroactively, with punitive intent smacks of methods employed by regimes with which we do not like to be compared.

Again, are these recommenda-

Dry Bones



tions of a punitive nature also binding on the government, according to the attorney-general's legal opinion after the Kahan Commission report? Must the government initiate the legislative action that the commission recommends?

The same question is relevant with regard to the policy recommendations of the Bejski Commission, such as the separation of commercial banking and investment banking and the prohibition on the commercial banks to manage mutual funds or providential funds. These recommendations make good sense, in the light of the abuse by the banks of their duties, as detailed in the Commission's report.

But certainly these are basic questions of policy, to be determined by

the government, as democratically chosen. They are not judicial questions. Nor are the recommendations of the commission the only reasonable response to the problems on which the commission's report dwells.

The commission's recommendations are certainly deserving of careful consideration. But with all due respect to the exalted status of a judicial commission of inquiry, an assumption that the commission's policy recommendations are, if not sacred writ, at least the product of an institution that stands above the ordinary political processes would take us far down the road to government by commission.

The writer, a member of Kibbutz Degania A, is a political scientist.

An Israeli architecture

GERARD HEUANN

ping up all over Israel.

Forever looking outward, envious of what was being done abroad, Israeli architects have had little time to develop a theoretical and philosophical foundation of their own. Presently, with the clear-cut functionalist guidelines of the modern movement crumbling about them, they hardly know what to place in its stead.

IS IT still possible in our time, a time of ever-increasing cross-cultural influences, to consider the formation and development of a distinct architecture all our own? Just 25 years ago, it was still thought that it was. Many believed that Alfred Neumann, one of the very few ever to take up the challenge, was leading the way. But his morphological experiments towards the creation of a new architectural climate, often

flawed by preconceived geometries, were in the main justified by pragmatic concerns alone.

Significant architectural form has as much to do with culture as it does with specific climatic and material conditions. Any hope we might have of developing a worthy national architecture therefore would depend on the inclusion of our own Jewish culture, precisely that which Neumann, along with most others, omitted from his work. Why has this path of returning to our Jewish sources been so little investigated?

It might fairly be said that the notion of an Israeli architecture incorporating Jewish culture has always been rejected. Zionist-Socialist

ideology from the outset precluded any reliance on religious or even Diaspora sources. Thus constrained, the resulting architecture of that important early period, "The Oriental Style," could be merely picturesque. Intended to be "biblical looking," it could not possibly give expression to the Jewish people's return to their homeland after centuries of dispersion.

The Oriental Style's rare attempt at a modern "Jewish" architecture had in part stumbled over the lack of historic architectural sources. Historians agree that ancient Jewish architecture was but a hybrid of Egyptian and Mesopotamian influences. Diaspora sources would have similarly been to no avail even had their use been permitted. The architecture of the Jews of the Diaspora, the expression of an historic minority, mostly imitated local building form. Jewish architecture through the ages appears to have been all but non-existent. Can this important obstacle be overcome?

ANY TRUE Israeli architecture would have to reflect Israeli society's central attitudes and goals, those which unify us as a people, as a nation. It would give expression to our Jewish identity, our Jewish values. To these values architects must turn. Needless to say, the difficult task of fully integrating Jewish value content into the complex and pragmatic discipline which is architecture still remains. Though there have been several great modern architects of Jewish extraction, few attempted to absorb into their work Jewish values as primary material. More than anyone else, it was poet-philosopher-teacher-architect Louis I. Kahn who may have succeeded in doing so.

Historian Vincent Scully of Yale compared Kahn to the Americans Richardson and Wright. English architect Peter Smithson recognized in him a European sensibility. Though like every great artist he

belongs to the world, I believe that first and foremost Louis Kahn was a Jew. Kahn's architecture of the Sixties and Seventies, albeit based on many and diverse historic formal sources from Italy, Egypt and elsewhere, was formed by a Jewish way of looking at the world. It was this, combined with his formidable creative powers, that enabled him to transform all. More than the architectural vocabulary he developed, which was but the outcome of his philosophy, it is his manner of thought, Jewish in origin, that we should most benefit by.

Calling his works "offerings," Kahn chose to remember that we are created before we ourselves can create. He redefined light as "the giver of all presence." Working at the edge of available technologies, he sought only to transcend them. An almost rabbinical questioning attitude reflected his determined rejection of dogma. Realizing that in our day nothing can be more irrational than rationalism, he tested the limits of reason and reached beyond. Kahn's lifelong search for unity and order corresponded to the deepest strains in Jewish thought. In his project for the Memorial to the Six Million, he conceived of a transparent modest monument. In California his programme for the Salk Centre for Biological Studies called for spaces to satisfy not only the needs of "Body and Mind" but also of "Society" and "Spirit."

An Israeli architecture responsive to our particular climate and exploiting native materials remains an obvious necessity as it always was. In this regard, there is still much to be learned from the local indigenous and regional architecture. Advancing themselves of the latest technological means, architects would keep those means subservient to human purpose. Benefiting by Kahn's example, we may yet be able to establish a new pluralistic architecture as is appropriate to our time, one which is unified by the philosophical foundations of Jewish culture, the only culture we can with certainty call our own.

The writer is a Jerusalem architect.

READERS' LETTERS

DEGRADING AD

To the Editor of The Jerusalem Post Sir, — Oberson's new advertisement for designer bathing suits which presents a woman on all fours makes me very angry.

This degrading advertisement lowers the woman to the level of a dog waiting to be mastered and presents her as a sexual object, to whom one can do whatever one pleases. This message can only cause violence against women.

Do we need this kind of advertisement to sell bathing suits?
RACHEL SKIRBALL-ALANY
Kibbutz Lotan.

CORRECT TERMINOLOGY

To the Editor of The Jerusalem Post Sir, — Here in Britain, the press often uses the word guerrilla to describe members of the PLO, and resorts to the harsher designation of terrorist when discussing Irish activities.

In your issue of May 8, Patrick Magee, an Irishman charged with planting the bomb at the Grand Hotel in Brighton in 1984, was referred to as a guerrilla in a story attributed to Reuters.

If one accepts that terrorism is an attack against innocent people for a purely political goal, then all people who commit such atrocities should be consistently called terrorists.

BURT KEMACH,
Deputy Director,
British-Israel Public
Affairs Committee

London.

EUROVISION ON JORDAN TV

To the Editor of The Jerusalem Post Sir, — I was watching the Eurovision song contest the other night when, without warning, a commercial break came on. This lasted about four or five minutes before the song contest came on again, just as the lights went down on Israel's entry. It turned out that I had been tuned to Jordan TV and they had blocked out Israel's entry with the commercials.

Surely, in an age when the government keeps reiterating its progress towards peace with Jordan, you would expect a different attitude from Jordan. What does Jordan TV think would happen if it aired Israel's entry along with the others? Incite a revolution? What could be more childish.

It is about time Jordan woke up to the fact that Israel is not an enemy, but a country seeking genuine friendship and peace.
Beir Zera. AARON HICKLIN

HOLOCAUST DAY AT MUSEUM

To the Editor of The Jerusalem Post Sir, — I fail to understand how the Israel Museum could plan two Gala Events on Martyrs and Heroes Memorial Day.

On the eve of Holocaust Day, dinner parties were held at the homes of several patrons. And on Holocaust Day, a gala dinner was held. The explanation given me was that the dinner and the music didn't start until after sundown, but the excursion, including stops at Ein Gedi and Kumran, started in the afternoon.

I was asked to lodge a complaint on behalf of people who were shocked by these arrangements, but who participated reluctantly, although a number of people including me refrained from participating.

If we don't show respect to our dead, how can we expect others to do so?
Jerusalem. KATO NISSENSON

The Fund for Strengthening Israel's Defence

THIS WEEK

★ Largest Contribution
Roberto Kaminitz of Switzerland, according to terms of father's will NIS 3,684.75

★ Most Touching Contribution
Ms. Yoni Asbet in memory of her husband, Ya'acov, on the first anniversary of his passing NIS 36

★ Youngest Contributors
Grade 6/3 of Nof Yam school Herzliya NIS 35

The Heart-Warming Corner of LIBI

Now more than ever give to LIBI

The Libi Fund: 17 Rehov Dalet (Aranza), Hakirya, Tel Aviv 64 734

Israeli Theatre's Great Success

150 performances in Hebrew — and now in English

Roommates in Jerusalem

Written by: SHIMUEL AMID, English version ZIPORA PELED

Jerusalem Khan Theatre
Today, Thursday, May 22 at 9:00 p.m.

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THE HEBREW UNIVERSITY OF JERUSALEM

Faculty of Social Sciences
The Rosita and Esteban Herczeg
Programme for Sex Differences in Society
A lecture and discussion to be held in Hebrew on the subject:

Women in the Rabbinate

Speakers:
Prof. Paula Hymen — The Jewish Theological Seminary
Rabbi Gail Shester-Boukila — Israel Council of Progressive Rabbis

Chairperson:
Prof. Alice Shalvi

will take place on Wednesday, May 28, 1986 at the Van Leer Jerusalem Institute, Kikar Einstein, at 8:30 p.m. Lectures will be in Hebrew. Series sponsored by U.S. Israel Women to Women



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Herbert Lederer (owner of Vienna's "one-man theatre") presents

Leutnant Gustl

by Arthur Schnitzler
adapted as a one-man play by Herbert Lederer

— The play is in German —
Tuesday, May 27, 8:30 p.m., in the auditorium of the Shaar Zion Library, Beit Arta, 25 St. Shaul Hamelech, Tel Aviv.
Details at the library, room 310, 10 am-2 p.m., Tel. 210141.

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